Susanne Schmidt

Mongolia in Transition

The Impact of Privatization on Rural Life

Band 62

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Herausgegeben von /Edited by

Prof. Dr. Hans-Dieter Evers,
Prof. Dr. Günther Schlee, Dr. Georg Stauth,
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Foreword

This study deals with a topic which is of crucial importance for Development Sociology at present, namely the social processes of system transformation which occur during the transition from a socialist organization of society and economy to a capitalist one.

The case study - Mongolia - chosen by Susanne Schmidt, is remarkable in many respects. On the one hand, Mongolia is one of the earliest socialist republics established shortly after the foundation of the Soviet Union. On the other hand, it is a region whose cultural traditions date back to the ancient Mongolian Empires. This is why Mongolians are provided with a 'cultural capital' which can be revitalized in their present search for identity. Furthermore, the economic system of a large part of the Mongolian population is determined by nomadic pastoralism. This means that we are dealing with a very special type of society in transition.

In her introduction, Susanne Schmidt deals with recent transformation theories and approaches of the so-called New Economic Sociology. This is followed by the empirical part of her research which is set about from two angles. First, the macro-framework is defined and supported by references to government reports, surveys of development institutions and her own interviews with experts. Second, she refers to her own data collection of research and fieldwork in a remote area, far away from the capital of Mongolia, in the Northern high mountain zone. As illustrated in the preface of this study (indeed worth reading), her fieldresearch was hampered by unfavourable and unexpected circumstances. Nevertheless, the amount of detailed and lively presented data she provides is remarkable.

Her findings show how the collapse of the state socialist system, after the imposition of structural adjustment (shock therapy) programs by the World Bank and the IMF and the liberalization of the former collectives, determined and changed the life of herders in rural areas. Emphasis is placed on the process of de-collectivization, i.e. privatization, which caused the big change, to self-organization, and the establishment of a subsistence-economy in the rural areas. Many case studies verify that the structural adjustment policies which are aimed at market expansion, first of all, lead to the total collapse of the market and an increase in informal and subsistence-oriented activities.

The very special conditions of the Mongolian transformation process and the unexpected outcomes of macro-economic planning are a vivid example of the recent history for the problems of one-dimensional policy-implementation.

This study is a valuable contribution to the research focus of the Bielefeld Graduate School "Market, State and Ethnicity", which provided its framework. It may prove insightful for theorists in the field of New Economic Sociology, as well as for practicians of development cooperation.

Prof. Dr. Hans-Dieter Evers

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KAPITALISMIIG ALGASJ (avoiding capitalism) reads the inscription on the stamp showing a Mongol on horseback jumping a trench in the year 1924.

In 1921, Sukhebaatar with the help of the Red Army gained the revolutionary victory over the Chinese and White Russian occupation, transforming Mongolia from a nomadic-feudalistic into the second socialist state in the world and the first in Asia. Within the socialist world the Mongolian revolution became known as a unique event for skipping capitalism from the predetermined process of the development of society along Marxist lines

70 years later, Mongolia is in transition again. Since 1990 it is one of the former socialist countries which, after the Cold War, abandon their socialist past in favor of a membership in the global capitalist world order.

PREFACE: THE STORY OF THIS STUDY

Introduction

I became a member of the Graduate School of Social Anthropology and Development Sociology "Market, State and Ethnicity", financed by the German Research Council, in October 1991. I had been accepted as a member for a project in Turkey, where I intended to carry out fieldwork from October 1992 onwards. I aimed to investigate some of the constraints on the Turkish and Kurdish population in the course of state intervention in the rural areas. With this project I planned to continue the research work in Turkey that I had carried out during 18 months in Istanbul and Anatolia (1987 until 1989) under the supervision of Prof. Johansen (Cologne University) and Doc. Akkayan (Istanbul University).

After half a year of studying at the Sociology of Development Research Centre at Bielefeld University, two things diverted me from my initial subject. Through literature about changing political systems and their economies, developments in Mongolia caught my attention and I felt the extremely strong desire to go and carry out fieldwork there. The institutional and ideological vacuum which has come into being during the transformation process of former socialist countries since the end of the Cold War provides a wide range of research items for social scientists. It seemed to me that the question of the re-emergence of the customary institutions of Mongolian herders in the course of political and economic liberalization would be a very interesting and challenging field of research. Mongolia was just in the process of transformation from a planned to a market economy. For the first time, Mongolian herders, who had been members of socialist state collectives, were being released from any formal institutional integration. Privatization meant, for instance, that ownership of livestock was changing from state or collective to private property.

Another factor which contributed to my motivation to change from Turkey to Mongolia were the increasing conflicts resulting from Turkish repression against the Kurdish population living on Turkish territory - and some threats to Western researchers and journalists staying in that area. My wish to investigate the problems of the resettlement of local groups in the course of the large dam construction projects in South Anatolia, which I had already prepared in cooperation with the Department for Anthropology at Istanbul University, seemed to become impracticable.

Preparations

My first step toward paving the way for my stay in Mongolia was to share my ideas with Mr. M. Enhbayar, the press attaché at the Mongolian embassy (near Bonn). He was very encouraging and established the first contacts to institutions in Mongolia. Organizing the requested formalities for a research visa, although not easy, was a problem that could be solved. Listening to the advice of other Europeans who had visited Mongolia was more troublesome. "You will suffer, won't find food, will freeze etc." were only some of the warnings. The only positive support I received in those days was from Mongolian students I met at the East Asian Studies Institute in Bonn.

After Prof. Evers (Bielefeld University) had agreed to supervise this study, I was able to start my preparations in February 1992. Prof. Weiers of the Institute of East Asian Studies at Bonn University invited me to join his seminar on the Khalcha-Mongolian language. He taught the old Mongolian script which was planned to officially replace the Cyrillic alphabet in Mongolia in 1994. The well-equipped library of the Institute gave me the first necessary insight into the vast subject. I was in any case certain that I wanted to observe the transformation from a planned to a market economy and the impact of this process on a group of herders, focussing on changing property rights and newly emerging risk management strategies.

Entree into the field

I went to Mongolia by the Transsibirian railway on the first of August 1992. Fortunately, my parents were interested in travelling through Russia by train too. They accompanied me to Ulaan Baatar, where we arrived after eight days, and continued their journey to the Gobi desert. At the first opportunity I contacted the Institute of Administration and Management Development (IAMD), to which I was officially attached. The Mongolian consulate had made arrangements with the Institute that they would provide me with accommodation and an office as well as care for my well-being during my stay in Ulaan Baatar.

As soon as I was on my own in my new home, I had a first hard experience in getting food. My flat was in one of four large buildings behind the only department store in Mongolia which is still called the 'State Department Store'. In lack of ration cards, most basic goods were unavailable for me and the shelves in the State Department Store were as empty as in all the other shops. Further, going shopping without a better knowledge of Mongolian turned out to be a tough experience. After wandering around the big store, however, I stumbled upon one prerequisite for cooking: a large set of florally decorated

pots, imported from China, consisting of 6 pans and pots for 30 US dollars in the Dollarshop on the third floor. Some time later, I even found something to cook in one of them: Chinese packet soups which served as my only nutrition for the next three weeks (apart from chocolate and nuts from the Dollarshop).

The first month in Ulaan Baatar turned out to be the loneliest time ever for me, since I did not know anybody and I soon noticed that wandering around and taking a walk was anything but relaxing: some Mongolians did not like the idea of foreigners just walking around. One day, after I had queued for an hour to get some rice, only to be ignored by the shopkeeper because rice was rationed too, I went to the IAMD and asked for help. Due to the many connections of the office-manager, Tsetsegochir, I had the good fortune to take home 20 eggs, five kg of flour, 2 kg of sugar and 1 kg of rice from the store of a hotel restaurant only one hour later. I had nearly everything I needed to make bread!

I was very much looking forward to September when the courses on management and administration at the IAMD, and the language courses at the university would start. I then joined a daily Mongolian language course at the university with other students from Russia, China and Korea. My knowledge of the Turkish language was a distinct asset which enabled me to learn Mongolian quickly enough to carry out research on my own later in summer. The grammar is based on the same rules as Turkish; both languages belonging to the Ural-Altai language group.

The IAMD not only offered me accommodation (250 US dollars rent per month) and an office: I was also supported in establishing connections.

Research and life in Ulaan Baatar and Huvsgul Province

Immediately after my arrival, in August (11th-15th) 1992, I had the chance to participate in the 6th International Congress of Mongolists. There I established contacts and learned about several agencies and projects in my field of interest. In October (7th-11th), I joined the "International Seminar on Mongolia's Transition to a Market Economy", organized by UNDP Mongolia and the IAMD. In November, in search of a sight in a rural district to carry out research, I participated in a 7-day trip to Dornogobi-Aimag (all Mongolian terms used in this study are underlined and explained in the glossary, see page 219) with members of the PALD (Policy Alternatives for Livestock Development) project, who were investigating the situation of veterinary services. For further contacts, I joined an official visit to the IAMD-extension center in Darhan city from November 18th to 21st. In December 1992 I carried out interviews at the University of Agriculture, the Ministry of Agriculture, the Land Policy Institute and the Institute of Animal Husbandry on current projects and research items

with the help of my Mongolian friend, Z. Onon, for organization and translations. My main aim was to understand the structure of institutional re-organization and decision-making on the governmental level.

From 18th to 23rd December I participated in another official trip with an IAMD-researcher to the Kazakh province in the far West of Mongolia, Bayan-Olgii. During my stay there, I understood that research among the Turko-Muslim Kazakh people (my previous objective), would be impracticable. Unexpectedly and contrary to our previous agreement, the researcher left me alone in the center's hotel for some days, rather than allowing me to accompany him on a trip to the countryside. In the hotel, I was exposed to extremely harsh conditions like little food, temperatures around minus 40 degree C and a lack of heat and electricity. Furthermore, I was threatened by drunken people who kept trying to break into my room all night.

I decided that getting lost in Bay an Olgii during fieldwork in the summer was not the kind of experience I had been looking for. A Kazakh family whose door I knocked on on the third day after my colleague had left me, finally helped me to overcome my frightening experience. They welcomed me into their home and later told me to cook some of the packet-soups (fruit and beans) that were left from one of the many joint projects of the former GDR and Mongolia. They had been left untouched for nearly ten years in the cupboard because the family members had never been able to read the cooking instructions. Unfortunately, the family preferred their mutton-noodle lunch to my delicious meal.

Back in Ulaan Baatar, I retreated to the safety of my flat (where I had installed a second front door soon after my arrival in August) and the comfort of Mongolian and American friends who were always ready to spend the long winter evenings celebrating. The difficulty of procuring food and drink was never ending, especially for the Mongolians I knew, since they could not go shopping in the Dollarshops to get canned pineapple or peanut butter which was always available for the American Peace Corps fellows (56 of them in Mongolia!). The joy of sharing meals contributed to the impression of a very special atmosphere on these occasions which usually resulted in spontaneous dancing on the floor of the dining room. We also started hiking on Sundays to the hills around Ulaan Baatar. The icy temperatures encouraged us to keep moving, except at the funny picnics we had when a good Mongolian vodka helped us to warm up.

During that time, I gained some insight into the many problems that have arisen for the Mongolian population, especially in Ulaan Baatar, from the tremendous political, economic and social changes which had taken place in the past three years. The struggle of many women (divorced from their husbands in the course

of increasing alcoholism and crime) to maintain a minimum existence for themselves and their children, was striking especially when one considers the high level of their former skilled occupations and positions. Particularly people working in the scientific field could not possibly survive on their salaries and tended to leave their jobs.

In January, I gave up the university language lessons since teachers tended to disappear for days. In view of their extremely low salary (although, for instance, I paid 135 US dollars per month to the university administration) this was understandable, but having arrived after a half-hour walk from my home, early in the morning at minus 20 to 30 degree C, I wished it had been worth it.

So I had private language lessons with Sara, a journalist who had become unemployed (married to Adiya, head of the IAMD). Sara adjusted her training program perfectly to my special needs and systematically prepared me for my research. We only communicated in Mongolian due to my lack of Russian language capacities. The friendly atmosphere at her home and the support of, and private contacts with her family contributed to my motivation not to miss a single day of language lessons.

Against the background of my experiences in Bayan Olgii, I concentrated on contacts with Mongolian and international institutions and researchers from January to March 1993, in the hope of joining in one of their projects. I had interviews with the Agricultural Economics Institute (AEI), the Central Procurement Cooperatives Union (CPCU), the National Union of Mongolian Agricultural Cooperatives (NUMAC), the Market Research Institute (MRI), the Academy of Sciences, the Institutional Reform and the Informal Sector Project (IRIS, University of Maryland), the Mongolian Green Party and DANIDA (Danish National Development Agency), and again with the Land Policy Institute and the IAMD.

After several discussions I was allowed to join a research program of the AEI. One of three projects dealt with the Khot Ail - organization after the dissolution of the collectives. Four times a year one of five researchers went to one of the five ecological zones of Mongolia in order to evaluate the changes in household production and the Ger composition with regard to the needs and conditions of the local rural population. I had the chance to accompany the Mongolian researcher Amraa, with whom I, in March/April 1993, visited about 10 families living in fairly remote areas at their in some cases newly established winterplaces. Contracts had already been made during two trips of Amraa to the same people in autumn and winter.

This four weeks' journey through the high mountain zone of Huvsgul Province (about 800 km from U.B.) was to serve as a pre-study for my own trip to the

same area in summer 1993. I concentrated on observing and getting used to the dialect of the Darhad people, who make up 0,3 % of the Mongolian population.

When Amraa left me for some days to visit another of his research families on horseback, I had the chance to communicate properly with the people, take part in their work and talk to them. Some invited me to come back in summer and stay with them at their summer camps by the riverside. I planned to carry out detailed anthropological fieldwork then. The district and province heads both assured me of their help and protection and invited me to come back in the summer.

Back in Ulaan Baatar, I translated my observations and results into Mongolian to discuss the summary report with Amraa and other Mongolian researchers. They agreed on most topics, and gave me additional information from their own material. With the help of this information, I prepared for a six-weeks stay in the same region with some of the families we visited. On the basis of my new experiences I carried out interviews with PALD team-members and IAMD and DANIDA researchers. I continued to take language lessons daily and Sara helped me to develop a qualitative questionnaire in Mongolian. Participant observations were to serve as the other source of information.

The main topics included, besides biographic and narrative elements, the new territorial and social organization of the herders, their marketing conditions and behavior. The impact of their construction of the socialist or even pre-revolutionary past on their present institutional reorganization, and their evaluation of present and future developments were in the center of my research. I intended to get information about their perception of the disintegration of the former system which had been a unique phenomenon of pastoralism as a pillar of the nation's socialist economy. Its abolishment imposed dramatic changes on each individual. The herders' ideas about new forms of integration were to be part of the discussion. 'Democracy', 'free market economy' and the 'world market', all indicators of the changes imposed from above, had been introduced to the rural population through privatization and the removal of price restrictions. These are certainly less concrete sources of identification for the individual than the previously experienced comprehensive social, political and economic integration into socialism. The theory of changing property rights, including the notion of winners and losers of the new systems, served as a field I could concentrate on in developing my questionnaire. It reflects the subjects mentioned here. Furthermore, my theoretical examination and practical knowledge of several former fieldwork experiences[1] contributed to its structure. I tried the questionnaire several times

1. See Agar 1980; Crane and Angrosino 1984, Ellen (ed.) 1984, Fettermann 1989; Girtler 1988; Spradley 1980, Wernerand Schoepfle 1987

with different people like Amraa and other researchers, as well as herders in Ulaan Baatar and then I redid it. A quantitative questionnaire was prepared for a household survey in the Bag I had visited in March and April. I even managed to get photocopies of my questionnaires for a certain number of households, though this task took me several days and finally required an informal deal with a state employee.

At the beginning of June 1993, my arrival was announced in the province's capital, Moron, and a driver was asked to take me from there to the district's center of B.-Soum. However, he was not there when I arrived at Moron airport, nor did he turn up in the following days. I was thankful for an invitation to stay with Mormon missionaires from Utah/USA, with whom I usually started provoking discussions on their "mission" at lunch in the hotel cantine of Ulaan Baatar Hotel. Waiting for a driver, I spent another night at the Red Cross Society of Huvsgul province. Finally, another driver, a car and petrol were organized to bring me to the district center, 120 km away.

Unfortunately, once there, instead of continuing my journey to the fourth Bag of the Soum, I was advised to wait and camp by the riverside, until the water level of the big river I had to cross had subsided. The ferry which was usually in operation had just been cancelled due to the lack of fuel and cars. Heavy rainfalls began and made waiting even more unpleasant. After five days I again asked for help. The water level had become low enough to cross the river, but there was a delay in the official fuel supply from the province's capital, so that there was no petrol available through official channels.

In spite of recommendations from the IAMD and Ministry of Agriculture, it seemed that the people who had promised their help three months ago could not help me, so that at this point my carefully laid out plans were thwarted. When I asked why everything had worked out in winter for Amraa, I was told that he was an important person (working for the government) and, furthermore he was a friend and there was always "private" petrol available for friends. The following performance by the driver I asked to help me served as a lesson I will keep in mind. In response to my question whether he could organize some private fuel for extra money, he started a "speech" with the words:

> "You should not think you can buy everything with money, as you Europeans are accustomed to think. In Mongolia nothing functions straight away as you would expect. Instead, there are other values, like trust and friendship. You should first start to really communicate with me so I will get to know you. On our winter trip, I did not talk to you either and did not understand what you are doing here in our place."

Saying this, he offered me a glass full of vodka and told me to empty it. I was pretty confused and hesitated. Though not usually averse to social intercourse, this time I decided to refuse the drink due to my feeling of being exposed to, and dependent on, a situation I could not influence. I knew I had just lost my last chance to reach my destination which was only about 50 km as the crow flies from the place I had got stuck at.

The center of B.-Soum is surrounded by high mountain riffs. Due to the fuel scarcity and lack of cars and drivers there was no easy way out of that remote place. The knowledge of being totally at the people's mercy for any further step filled me with panic and despair. I considered the possibilities. There were three: give up and leave for Ulaan Baatar to pack my things and return to Germany (which seemed to me the most attractive). The second option was to keep on waiting, which meant being dependent again on that person who had just given me a lesson to remember. The third but equally uncomfortable solution was to change my subject, stay in the rainy district center and find out about the ca. 30 Gers that were spread over the pastures near the center. After having already participated for a week in the household economy of my host, I realized that there were some interesting topics to investigate in that area as well.

However, the evening after the incident, I spent my time in a state of total demotivation. I was inclined to give up and leave the next morning for Ulaan Baatar to prepare for my return to Germany. I did not sleep that night. Heavy rainfalls were threatening the security of my tent; it was windy and cold and I was thinking about the sense of writing a dissertation about people who did not know who I was, nor what I intended to do, and who did not invite me to be with them. Nevertheless, taking into consideration the support and encouragement that my hosts, Orhon and Mergen, had given me, the next morning I looked at the ca 15 Gers I could see from my tent and started to develop a new questionnaire. The ca. 100 sheets of paper I had prepared for my former research were a good present for my hosts. So, at least my qualitative questionnaire could serve a valiant purpose - as cleaning paper for anything which required cleaning in the absence of other material!

Focalizing this broad topic, I concentrated on the change of property rights and the production and risk management strategies of the people who spent the summer in the pastures near the Soum-center. All of them were busy running their private subsistence livestock economy. My newly developed questionnaire covered the following fields:

1. Changes through the liberalization of the collectives, concerning: employment structure, status and wealth differences, number of livestock in private ownership

2. The phenomenon of absentee herd owners, its connection to pre-revolutionary patterns of the tenant system and its possible impact on a future social stratification
3. The marketing conditions; membership in marketing organizations
4. The question of education and its linkage to the present situation
5. The self-perception of the respondents, according to income and livestock and in relation to their family status; their evaluation of the past and future
6. The impact of the changes on the present and future life of women

I used a standardized questionnaire in which I provided answer choices. Only when the situation seemed convenient did I go back for further information. Owing to the fact that within the Russian border zone my research license was limited to six weeks, 1 did not have time to get to know all the families in advance. This was one of the reasons why the circumstances of the survey were totally at variance with my idea of carrying out anthropological fieldwork. None of the people I visited had invited me to come, nor did they gain much from the contact with me, apart from the presents I brought with me. This experience confirmed my belief in accepting only the method for establishing contacts for fieldwork which I had tried to apply, namely accepting an invitation from people who know me and my intentions in advance. Another thing that made me worry were the limits to methodological choices because of the unexpected circumstances. There was no time for pre-studies or reviews of my data through intensive qualitative interviewing. I had to rely on information from people who sometimes could not sufficiently assess my intentions and motivations although I was eager to explain myself.

Due to these constraints and weather conditions, the six weeks of fieldwork turned out to be a very exhausting and difficult time. It rained every day, and keeping my material dry was not an easy task. My tent failed to stay dry and I had to follow my hosts' invitation to stay with them in their Ger, although this caused restrictions for them owing to scarcity of room. As I had expected, some people were not interested in me and my subject and felt disturbed by the foreigner. Others were very helpful and even used my visit to share their thoughts and future prospects. One pensioner, who held a high position in the Negdel, asked me after my interview to come back and continue our talk. The next time, after answering some more questions, he brought out his own questionnaire. He had prepared 16 questions about Europe, Germany and its unification, about capitalism, ideological orientations and the like. The interview lasted three hours. Interestingly enough, his socialist education (he was a hardliner) and convictions held some "prejudices" against the capitalist world that I really could not deny. These concerned problems that result from increasing poverty and lack of ideology. This informant was one of the few people in the B.-Soum center who for ideological reasons regretted the changes and drew a rather pessimistic scenario of things to come.

Keen discussions like this, all the help and confidence provided by my host family, the many children, the patience of the people I spoke to and the administration employees in providing information, gave me the energy to carry out my survey. Along with those 30 Gers I could reach on foot, I managed to investigate the new enterprises in the Soum-center (three) and also to carry out interviews with everyone in key positions. Furthermore, joining in the household production of my host family was interesting and useful, as it gave me the opportunity to at least support the family members in their exhausting daily labor stint.

The only change in the day to day life of my hosts that I could observe was the national festival "Naadam"; the games of archery, wrestling and horse racing. In B.-Soum, the horse race took place on a plateau about 20 km from the center of the Soum. There was one van available to carry about 30 people to that place, 25 of whom had to try to balance themselves on the back of the van in absence of seats or anything to hold on to. As usual, the day was windy, rainy and cold. There was neither a road nor a track. The young men competed with each other in trying to see who could remain on their feet without falling down. Those who, in spite of the general shortages, had been able to buy new fabric, were dressed in Deels of silks and satins. However, when we arrived there was nobody with a clean Deel or without bruises from falling and rolling around on the loading ramp of the van.

The games lasted all day long. I found the social gathering under the conifers in the damp and humid forest on the margin of the race track even more fascinating. Everybody had brought homemade milkproducts and bread. They were nicely arranged under a tent so that all visitors could serve themselves during the day. Some people had brought their own oven from the middle of the Ger to install it under the trees for the preparation of fresh hot milk tea. The steam out of the stovepipes intermingled with the light cool mist and contributed to a silent harmonic atmosphere, however strange to me. In a corner, some people were playing chess with wooden self-made figures or other games. Young people were happily wandering about with former school mates with whom they had stayed in the dormitory in the Soum-center (mutual visits were now hindered by the long distances between their seasonal settlements). While watching the scenery I ran into some people I had met on my winter trip and who had been waiting for me for the past few weeks. This gave me the chance to hand over the coloured photos I had made in winter, showing the family members in front of their animals. The following exchange of gifts and information was intensive and impressed me a lot, since I knew this was presumably the only and last day ever to meet the people I had hoped to spend the summer together with. In the evening, after everyone had left the place, I noticed that although there had been hundreds of people eating and drinking

and playing games the whole day, there was not a single piece of litter on the ground. There was simply nothing to be thrown away!

After six weeks in B.-Soum, the trip back to the Aimag's capital, Moron, through the mountains and in the pouring rain was extremely adventurous and lasted all night (120 km). The car was constantly on the verge of crashing and its radiator needed cold water every 30 minutes. The driver, Juluun, was drunk. However, as an experienced driver, he felt a big responsibility to deliver me to Moron safely. For that reason, I was forbidden to intervene, either by reminding him to check the radiator or by throwing myself, scared to death, at the steering wheel to grab and steer it in the opposite direction when he was heading for a deep yawning chasm.

We stopped at several Gers on the way to let the motor cool down while Juluun celebrated the end of Naadam with the inhabitants. Later, during the drive, he ran a race over the steppe highway with another van carrying about 15 people. When the other van ran out of petrol, the race was ended and became a spontaneous party. It was 11 pm, the sun had just disappeared to paint the horizon in beautiful colours, while the sky above the crowd of maybe 20 people (19 of whom were in the mood to celebrate) was dark, wet and grey. The rain had slowed to a light drizzle when the other driver proceeded to take out his electric organ and stuff it with six huge Russian batteries. He started to play some universally known light music, while the bottle with home-made spirit went round and the first couples performed, perfectly trained, ballroom dances on the wet steppe. While watching the dancers' silhouettes and listening to their muted laughter, I decided it was the right time for me to go with the flow and slowly get drunk. I feasted my eyes on the incredible scenery and surrealistic setting. I had never felt more of an outsider than on that night.

In Moron where we arrived the next day, there was no flight to Ulaan Baatar available because of heavy rainfalls. Fortunately, I was invited to stay in the wooden house of Juluun together with his lovely family. In the following days, I enjoyed the perfectly equipped and maintained Museum of Moron through which I was individually conducted by Juluun and his friend, the guide of the Museum. Furthermore, I was given lots of data by the Aimag's administration, and finally I was among the passengers who were accepted for the only flight back to Ulaan Baatar on the fourth day of my stay.

In August, in Ulaan Baatar, I concentrated on getting the material I needed as a framework for the new theme. Although in August people usually leave the town for holidays in the countryside, I managed to get access to the government palace to contact the Privatization Commission. Several interviews there gave me an insight into the problems and discrepancies its members have faced since its foundation in May 1991. Due to the many connections and the cooperation

of Mr. Ts. Adiya, Rector of the IAMD, I succeeded in gathering additional information.

I carried out interviews at the Ulaan Baatar Stock exchange, where several employees helped me to understand the lists and statistics they had offered me. For a last exchange of ideas and information I consulted the IAMD, IRIS, NUMAC and Academy of Sciences - staffs.

The subsequent farewells were not always easy since I had shared uncommon and very special experiences with many people for which I am most grateful.

On my way back from Ulaan Baatar to Cologne I met Prof. Evers in Singapore for intensive discussions. He gave me much advice, assured me that my material and data basis were sufficient to write about and encouraged me to start writing soon. Back in Germany I codified and correlated my data, although my limited scope of only 31 sample households, where 70 questions each were answered, could not at all do justice to the wide range of analytical provisions in the SPSS program. Nevertheless, I aimed at getting a means of interpreting some trends and shifts, underlining or verifying experiences from other areas, where people face similar conditions. It turned out that the data interpretation only allowed for a limited scope of clear statements concerning my pre-conceived assumptions, but due to the small number of people interviewed, I could frequently present case studies, since I remember each one personally.

While writing, my neighbor Heinz Bensmann, a computer specialist, gave me all the technical advice and support I needed. This was a tremendous help especially in emergency cases when the hard disk of my computer failed to function.

I would like to express my deep gratitude to all institutions and people mentioned here, without whom the project would not have succeeded.

Chapter One

INTRODUCTION

This study intends to describe and analyze aspects of the Mongolian process from a 'planned' to a 'free market' economy, which I consider unique and differing from conditions of other countries in transition. To specify, I aim at an analysis of the effects of structural adjustment on a local group of herders, i.e. the impact of privatization on rural life, from a social-science perspective.

Strategies for an integration into the world market are developed in negotiations between governments and international agencies. Since in a majority of the reforming countries political changes have been introduced without a previous coup d'etat or revolt, many former members of the 'nomenklatura' remained in power. In the past four years, they have reached agreements with the international agencies, which have the mandate to accompany and advise countries on their way to a "free market economy" and "democracy". These goals are striven for by the acceptance of structural adjustment programs to which loans and credits are connected. They take shape in reform packages which sound similar for every country under consideration and follow the neo-classical assumption that reliance on the market will enhance prosperity for the members of society. While in the Eastern European countries standards for reform measures are set by their proximity to Western Europe and the desire to integrate within its political and economic framework, Mongolia's geopolitical status and its historic features make it an outstanding case. As I intend to illustrate in this study, the social and economic reorganization of the rural population contrasts sharply with the intended results of macro-economic reforms.

Mongolia's transformation is taking place on the margin of a region of rapid economic growth, particular with regard to some East Asian countries. As a landlocked country, Mongolia is dependent on access to the sea in the future, especially since its export products are mainly based on raw materials. While under state socialism Mongolia exported through the Soviet port of Vladivostok, cooperation with Japan is now important for a reconstruction of export facilities. In 1990, the United States and Japan began to play a definite role in Mongolia's foreign relations, whereas in the past Mongolia's position was almost totally determined by Soviet-Chinese relations.

There are, however, characteristics apart from the geopolitical situation of Mongolia which differ from those of other countries in transition. Nearly half of

the Mongolian population is bound to pastoralist[2] traditions combined with socialist modes of production. Swift[3] described the former pastoralist organization within the state collectives as "Perhaps the most successful example of a programme to create new types of local development organization, not directly related to pre-existing social structures". The collectives "have evolved into well-functioning basic organizational structures which administer a broad programme of development of the Mongolian herding economy". In my opinion it can be stated that during the period of the Negdels (from the late 1950s until 1991) specific dynamics and rules of social and economic organization shaped the development of the Mongolian livestock sector[4]. But it should be considered, that the collectives could only provide services to its members under the precondition of heavy subsidies by the state resp. the former Soviet Union. Extensive pastoralism survived[5] the political and economic changes Mongolia faced in the 20th century, because this sector has not been used as a capital fund in order to enforce and subsidize industrialization.

Analytical tools for the understanding of the process of change from planned socialist to capitalist market economies and democracies are still rare. In their study on the present state of transformation theory, Bohnet/Ohly (1992) evaluate a range of publications which mainly concern macro-economic aspects. The authors conclude that the attempts provide several approaches to specific problems of transformation, but lack general analytical tools. This lack

2. A definition of the term "pastoralism" is at present a difficult task, since Mongolian herders are in a process of re-organizing their economic and social relations. As I intend to illustrate in my thesis, there is a trend to divert from market relations in order to rely on subsistence economy. In this sense, the term pastoralist is not used to "denote populations who subsist primarily on the sale or barter of their livestock, livestock products or both" (Casimir 1991:75). It is rather focussing on the newly arising attitude of mobile pastoralists to "choose as their basic strategy for providing year-round food for their herds the movement of livestock to pasturage rather than bringing of fodder to herds" (Dyson-Hudson and Dyson-Hudson 1980:18, cited through Casimir 1991:75).

3. See FAO (ed.) 1988:17

4. Extensive grazing could not have been easily replaced by other methods of food production and the sedentary model of soviet-centralasian transhumance could have only been transferred to Mongolia under higher investments. Szynkiewicz (1989:37f.) pointed at a special notion of Mongolian nomadism: Generally, the concept of nomadism is not associated with backwardness, unproductivity or shortage. Nevertheless, he called the Mongolian society a "bicultural society" (1989:44), with pastoralism as an integral part of the rural populations' culture, while for a great bulk of the urban population it only means a relict of a past time era. While this holds true for many urban dwellers in socialist times, the food shortage in the past four years and the resurgence of nationalism caused many people to value the livestock sector and a pastoralist lifestyle positively, for the security it provides.

5. Under the pressure of the increasing industrial sector in collective times (1985), the livestock economy contributed to 18 % to GNP, see Szynkiewicz 1989. Today, drafts and reports on Mongolia by Mongolian politicians as well as by international donor agencies treat Mongolia as one of the sedentary, agrarian and industrial societies where reform measures are usually applied. Concerns of rural inhabitants are often neglected since herders are considered sufficiently self-provisioned by the goods they produce. Only recently, animals and animal products as the most crucial economic factor of Mongolia became openly acknowledged, since the industrial sector fell victim to the cut in subsidies from the former Soviet Union.

is especially evident with regard to a methodology which combines elements of descriptive case studies, their analysis and general bits of advice. Apart from macro-economics, however, the investigation of changing property rights and the recognition of social inequalities in planned economies gave rise to a slow development of a sociological market transition theory. To Ensminger (1992:127f.), "Property rights are never neutral in their economic effect, and changing them creates winners and losers. Inevitably, there will almost always be disagreement over which property rights ought to be chosen". These assumptions bear some implications for the analysis of post-socialist Mongolia, concerning decision-making at national level and its impact on wealth differentiation within the former and the present economic frame on the local level. Nee (1991) and Szelenyi (1988) focus on the issue of a shift of power from the redistributive sector to the direct producers, assuming that in the course of the diffusion of power, inequality in economic terms is likely to increase. Offe (1991) states that the new systems are threatened by the danger of enrichment by elite groups which constitute the rules, while victims of the market are likely to occur[6], in a "capitalism by democratic design". He compares the transition process to market economy and democracy of East-Central European countries with Western Post-War societies, claiming that there are no historical models for orientation in the present situation. In Western Europe the development of the nation state, capitalism and democracy was determined by an evolutionary process, whereas at present the 'triple transformation' in Eastern Europe of all three levels of nationhood, constitution-making and the politics of allocation is lacking a 'time horizon'. Political actors have to make decisions of far-reaching consequences. One urgent factor to decide on is a mode for the transfer of state property into private hands. Since a necessary precondition for this task is the creation of a legal framework, the question arises whether free markets allow the emergence of a competitive democracy (the assumption of neo-classical economists) or whether the latter is a precondition for economic liberalization. To Offe, economic tasks have to be solved within a solid democratic mandate. It seems that in reforming countries, its establishment is one of the most difficult tasks to be solved by the state.

Another range of sociological publications concerns aspects of transformation in the industrial sector which deal with the "path dependence" (Stark 1992) of transforming economies. Path dependence indicates that the chosen way of reform is mainly determined by the institutional and cultural heritage of the socialist past (see Heidenreich 1994). Especially the mode of privatization is

6. Szelenyi (1978:77) argued that the redistributive mechanism in state socialism did not cause more equality but greater social inequality, because the expansion of the redistributive sector of the economy adds to the advantages of the already privileged and powerful. Redistributors as the class which is organized around the monopoly of redistributive power favored their own kind when they allocated scarce resources. They may constitute the new ruling class who is eager to influence decision-making to its own advantage (see also Nee 1989. Offe 1991).

path dependent. There are mainly three different types of privatization identified. In case a central-administrative guidance of the economy had been prevalent under the previous system, as in the former GDR or Czecoslovakia, a decentralized mode of economic re-organization is hampered. Only a strictly and centrally controlled form of privatization could be realized there. All public sales were directed "from above", whereas the so called "spontaneous" privatization, or sales of firms or their assets "from below", allow for a decentrally initiated restructuring. In that case, parts of the firms assets had been transferred to managers, who developed an autonomous production[7]. Through privatization, those who were previously entrusted with state assets take possession of them, then turn them into a joint company, part of which can be transferred to clearly defined owners. This happened, e.g. in Hungary and Poland. The concept entails the notion of management in place of the owner, but it is criticized because "economically, there is no reason to believe that resource allocation will improve by turning over assets to people who formerly ran these facilities poorly". Nuti (1991:59) assumes that "privatization without publicity and competition may result at least partially in divestiture".

The third mode of privatization that should be mentioned is the 'free share', voucher based mass privatization. It is often advocated on grounds of lack of sufficient domestic capital. According to Brabant (1991:40) it creates problems, because in absence of capital, technical difficulties occur in the distribution of assets on an egalitarian principle, as I will illustrate in the case of Mongolia. The lack of capital and a high dependence on subsidies of the former USSR prescribed a path of reform, in which the government put emphasis on the implementation of a rapid mass privatization program.

For the term "privatization" a range of economic[8] definitions exists. Brabant (1991:37) stresses an ideological aspect which, with regard to the economic failures of privatization, seems convenient: "Privatization serves an ideology that associates freedom and liberty with private ownership and compresses the state to the essentials (...)". He values such a process as an "unjustified way for the state to divest itself of society's assets, no matter how badly these resources may be utilised now. Under no circumstance could privatization be considered a panacea for raising economic efficiency"[9]. Therefore, concerning the economic

7. Former attempts at a marketization of the economy, as seen in Poland and Hungary, e.g., had to remain partial and the process of allocating resources continued to be a political one, until the post-socialist reforms focused on economic as well as on political liberalization. During this process, reform measures at conditions determined by the World Bank are imposed on borrowers. Their introduction occured in most transforming countries simultaneously with the collapse of the CMEA market, which resulted in unexpected economic and social deterioration.

8. Privatization e.g. is defined as "the transfer from the public to the private sector of entitlements to residual profits from operating an enterprise", which seems to be the pre-occupation of the reform debates in central and Eastern Europe (Brabant 1991:33).

9. Brabant 1991:45

effects of privatization, the assumption that mass privatization for ideological, political or sentimental reasons will inject life into the private sector, is regarded as misleading. Privatization is valued as an inadequate means for resource allocation. State ownership had a poor record in encouraging technological innovation and adequate maintenance of assets. Now individuals have to take the full risk of succeeding or failing with their own or borrowed capital or assets. In the former environment with the state owning the means of production, few individuals had gained experience in enterprise management.

The above mentioned approaches at comparative analysis of the Eastern European countries, however, concern the industrial sphere and do not take into account the variety of developments on the local level in rural areas. This is why I rather turn to the question of local level change, which in the case of Mongolia is a yet unexplored field:

The breakdown of national and international trade structures and the recent shift of property from the state to private hands caused the separation of the Mongolian livestock economy from its former comprehensive integration into the state system. Considering the wide range of behavioral patterns, caused by the dissolution of the collective organization, theoretical aspects around 'institutions' seem appropriate for the analysis of empirical data from the local level. In the Mongolian case it can be stated, that the privatization of livestock aggravated the crisis of food shortage, due to the herders' resistance to sell their animals. There are several reasons for this which emerge in an organizational and administrative vacuum. I assume that in the case of Mongolian herders, customary or 'indigenous' institutions have a significant impact on social and economic organization. Within these forms of integration, aspects of 'risk management', 'collective action' and 'rational choice'- analysis can help to understand decision-making for reorganization which takes place in the fields of resource allocation and patterns of mutual assistance. A consideration of these aspects facilitates the analysis of one of the main points of this study: While the national reform measures are designed to effect the expansion of market relations, the contrary happens: people on the local level draw back from the state and the official marketing conditions and instead concentrate on the individual household and the social group they belong to.

Within the general frame of the effects of structural adjustment measures on Mongolian herders I will focus on the privatization process - its planning, implementation and effects, since this event marks the change from socialist communal to individual property and the opening of the implementation of a market economy. Therefore, the following chapter gives a detailed insight into the recent Mongolian history of transformation. The special conditions of Mongolia and the outcomes of four years of reform will be analysed, including the preferences, i.e. "the sequencing of reforms" the government had decided

on. These are dealt with differently by each transforming country, according to its own specific features[10].

The lack of a 'time horizon', as Offe called it, had a significant impact on priorities in decision-making for reform in Mongolia. As I will stress in chapter two, the implementation of rapid mass privatization gained first priority while other urgent tasks remained neglected. This fact became the subject of many critics. On the one hand they referred to the unexpected effects it had on herders of the former state collectives, on the other hand the Mongolian experience confirmed negative outcomes of mass privatization in general, with regard to the impact of privatization on the development of a private sector. Besides the Mongolian reform process and its specific shape, the second chapter deals with the government's role and activities, problems of decision-making at national level with the emergence of interest groups and the pauperization process of some groups of society. The resurgence of nationalism as promoted by the government will be discussed in the context of 'the social constraints of structural adjustment'.

This frame should prepare the ground for my study of a local community, the case study of Bayan-Uul Soum[11], which will be introduced in chapter four. Its history and dissolution process will be reflected in the light of its changing social and economic structure. The impact of this process on herders in the countryside of B.-Soum is analyzed with regard to the change and emergence of institutions which I assume to form along former experiences of social and economic integration (chapter five).

Therefore, the historical perspective serves as background information for the understanding of the present reorganization. The administrative, political, social and economic functions of the collectives (Negdels) will be reviewed as a basis for the analysis of the outcomes and results of privatization. A description of the Negdels' linkage to central planning and policy of socialist Mongolia will help

10. Although country-specific features and the impact of cultural and social institutions on economic growth have gained importance in reform agendas during the 1980's, structural adjustment measures remained macro-economic and macro-social. They are designed to effect the expansion of market relations and aim at sustainable economic growth. They are based on the assumption that reliance on the market justifies the restriction of state functions to the provision of a legal framework (see Evers 1993:3). This means that IMF and World Bank reacted to increasing critics in the recent past, e.g. by implementing Social Dimension of Adjustment (SDA) - programs, and diverted from neo-classical positions to some extent. Their models, however, do not provide room for a competition of different economic, social and political concepts. Poverty alleviation, environmental sustainability, social adequacy as well as cultural diversity as a goal or preference of reform remain neglected. Instead, they are handled as side-effects of the one dimensional orientation at growth and world market orientation, see Falk 1994:2f.

11. "Bayan-Uul" is the fictive name of the Soum visited, in the following B.-Soum.

to understand the intertwinement between state and rural institutions and the process of disassociation of the former close ties (chapter three).

The district (Soum) I had the chance to visit twice, namely in spring and summer 1993, has around 4,600 inhabitants, spread over an area of more than 3,900 skm (i.e. 1.2 inhabitants per skm). I visited 10 different families in remote valleys in their Gers in spring 1993. In the summer of the same year, I stayed in the Soum-center for 6 weeks and investigated 31 households. My detailed analysis of the impact of changes on herders' and center residents' social and economic performance (chapter five and six) considers among others the aspect of transition theory saying that members of the former 'nomenklatura' maintain their powerful positions through the transition process. I intend to reflect the extent to which access to resources has been connected to influential positions within the rural collectives and to which extent positions, entrepreneurship and wealth differences have been transmitted from the former system into the new. Moreover, indicators for my research questions were the strategies people created to face the changes imposed from above, which were: abolishment of socialist administration, economic and political liberalization, vanishing state services like insurances, education and free health care.

My investigation of the situation in the remote valleys focuses on the organization of social and economic life. I will discuss the limits of re-emerging customary institutions like neighborhood-assistance patterns for the management of crisis, their "utilization"-capacity for government cooperation and their functioning for the reallocation of natural resources. Theoretical aspects of "risk management", "collective action" and "common property resource use" will be taken into consideration. In the Soum-center, as mentioned above, I evaluated the results of the changes concerning the inhabitants' employment, status and possessions related to "property rights" theory. Moreover, I will concentrate on the impact of privatization on the lives of center-residents, which, based on participant observations, qualify and enlighten my interview-data.

The material I use in this study is partly based on working papers, drafts and even unpublished or provisional reports due to the processual character of any political, economic or social event in Mongolia during my stay. Some significant background informations are only reported in newspapers which I have to refer to[12]. Because of my lack of Russian language capacities I had to neglect the Russian literature on Mongolia, but since my study mainly concentrates on the post-socialist era, I consider the information supply from sources in English and Mongolian and my own data collection sufficient for an

12. Except for some actual informations provided in media which concern events in 1994, I evaluated material published until October 1993.

analysis of the present situation. For my analysis of the effects of privatization on herders living in remote areas, I can add several fieldwork data from other social scientists to my own. But for my investigation of the present circumstances in the Soum-center I cannot refer to any other data or literature, because this aspect is unexplored until now. In order to prevent their possible identification, I changed the names of my respondents and the localities in the rural area.

Chapter Two

THE MONGOLIAN CASE

1. General aspects

- Mongolia's demography and geography

Geographically and in terms of connections to the outside of the Soviet bloc, Mongolia has been one of the most isolated countries in the world. Half the size of India (skm: 1,565,000) Mongolia is sparsely populated with 2.17 million (June 1992)[13] inhabitants. The population density is 1.4 inhabitant per square km. Mongolia is bordered by Siberian Russia in the North and by the People's Republic of China in the West, South and East. The country is landlocked and lacks access to the sea, consequently transport facilities are severely restricted[14]. The climate is cold and dry. The daily and annual temperatures vary tremendously. The average temperature is below freezing for six months of the year, 45 degree C minus in the winter months is not uncommon. The high altitude, about 1,600 m above sea level on average, exacerbates the semi-arid continental climate. The extreme climate results in large seasonal fluctuations in food supply, especially where vegetables and fresh milk are concerned and particularly in rural areas. Except for some wild berries, fruit is unavailable.

There are five different ecological zones in Mongolia: the forested mountain ranges reaching up to 4,000 m, and separated by broad valleys (in the North and West); the semi-mountainous steppe; the extensive long and short-grass steppe in the East which covers three quarters of the national territory; the semi-desert steppe and the Gobi desert in the South. Most of the annual precipation falls as rain in the summer months, amounting to less than 300 mm[15].

With a national herd of 26 million head (58 % sheep, 20 % goats, 11 % cattle, 9 % horses, 2 % camels)[16] and abundant grazing land, animal husbandry remains the basis of Mongolia's light and mostly processing industry and a range of livestock products. Pasture land in Mongolia amounts to 70 % of the

13. According to the Ministry of Population and Labor and the State Statistical office, 1993.
14. The nearest body of salt water is the Yellow Sea, more than 700 km far from Mongolia's Eastern border. The railway distance to the deep water ports of Tianjin (China) and Vladivostok (Russia) is considerably greater, see Cleary 1993:7.
15. See UNICEF Ulaan Baatar 1992.
16. See The World Bank 1991:1.

soil. Climatic factors limit large scale crop cultivation[17]. It is assumed that Mongolia has significant natural resources, though exploitation measures are hindered by the huge investment necessary for the construction of an adequate infrastructure. The country's largest export earner is the Erdenet mine which produces copper concentrate for export to the former Soviet Union. Further mineral resources include coal, copper, molybdenum, fluorite, gold, iron ore, lead, oil, phosphates, tin, uranium, and wolfram, the first three mentioned being most important.

With an average family size of 4.7 people, there are 451,600 households. 90 % of the population is ethnically Mongol, 79 % of whom are Khalcha[18]. The population is young with 77 % under 35 years of age and 41 % are children below 14 years. The crude birth rate is 32,8 per thousand[19] and the population has been growing at an annual rate of 2.5 % until 1990. The average number of live births per woman has declined from 7.5 in 1970 to 3.8 in 1991. Life expectancy between 1985 - '90 was estimated to be at 61.3 years[20].

56 % of the population is classified as urban (28 % in Ulaan Baatar) and 44 % as rural residents. However, in the Mongolian context the term "urban" needs to be specified. It is estimated that around 50 % of the people living in Ulaan Baatar stay in Ger towns, where housing comprises Gers and small, one-room wooden houses within the same fenced compound. Urban services in the Ger towns comprise electricity and centrally located water wells[21].

Under collectivization, Mongolia has been administratively divided into 18 Aimag and three cities (Ulaan Baatar, Darkhan, Erdenet). At present, the cities have the administrative status of an Aimag, so there are now 21. Each Aimag is

17. Signicant crop cultivation bagan in the 1950s, and is constrained by a short 90-day growing season, with sharp temperature fluctuations which can cause large crop losses.

18. For further information on this topic see chapter four "The Darhad people".

19. CBR- crude birth rate; CDR- crude death rate. The rate of increase is the CBR minus CDR per thousand, see Strickland 1993:2.

20. See Harper 1992:6

21. While the general health of the rural Ger dwellers is slightly better than that of urban dwellers, children living in Gers in urban settings suffer twice the amount of diarrhoea and infections than children living in apartments with central heating and sanitary facilities. Nevertheless, it has to be noted that in the formal housing units of Ulaan Baatar, the apartment blocks, 14 % are without central heating, 17 % without hot water and 8 % without sewer, 19 % without a private bathroom and 9 % without a kitchen. The Ger settlements around the three main cities of Mongolia are not to be confused with squatter settlements in the sense of slums, since living in Gers is regarded as a cultural inheritance which maintains access to an independent lifestyle. This became obvious during the last three winters when living in block apartments exposed people to the permanent threat of a malfunctioning heating system and an insufficient water supply. Many people who were able to. preferred to leave their flats in order to live in Gers again. In the other two main cities of Darhan and Erdenet. the majority of the population live in Gers. similar to all Aimag-centers. In Soum-centers, only some central buildings are made out of stone, while all inhabitants live in Gers resp. wooden one-room houses.

divided into Soums which in collective times amounted to 256[22]. Currently there are ca. 303-328. The Soums are divided into Bags consisting of 50-350 families. Usually, the territorial unit of one Soum was equivalent to one Negdel.

- Political and economic integration until 1990

After its establishment in 1924, Mongolia soon became the unofficial 16th republic of the Soviet Union and remained internationally isolated[23]. Its close relationship with the SU and other CMEA countries shaped its gradual integration into the centrally planned framework. The Soviet Union was the largest provider of financial assistance from the mid 50s until 1990. Otherwise, Mongolia was heavily dependent on the increasing trade volume with the CMEA countries. By the 1980s, about 97 % of its foreign trade took place with these countries, with the Soviet Union accounting for 95 % of its total trade. It supplied Mongolia with all its petroleum needs, energy, capital and consumer goods and in return it received Mongolia's exports of copper concentrate, wool, leather and meat (see Denizer/Gelb 1992)[24].

After signing a 'Treaty of Friendship and Mutual Assistance' with the Soviet Union in 1946, Mongolia became a centrally planned economy, determined by five-year plans. Especially after 1962, with Mongolia's entrance into the CMEA-market, central planning transformed the previous socio-economic nomadic structure and contributed to a dualization of the economy. Soviet aid and mining revenues brought about growing investment in the 1970s and 1980s, which resulted in a modern urban economy superimposed on the previous one. At the end of the decade (1980), 56 % of the population was living in the three largest cities, mainly employed by the State as civil servants (around 212,000 in 1991)[25].

The dual economy is characterized by a capital-intensive, import-dependent industry on the one hand, and a pastoralist economy, whose productivity has stagnated for decades[26] on the other hand. Both were connected by mutual provision, which functioned through state controlled supply channels. Whereas in 1940 the rural economy produced still 61 % of the gross national product, in

22. Aimags range from 43,500 to 106,000 population and are divided into Aimag - centers and 12 to 26 surrounding Soums.

23. It was prime minister Choibalsan (1924-52) who, during a visit to Moscow, negotiated on the autonomous political status of Mongolia and thus prevented the country from its integration into the Soviet imperium. This is why, inspite of his cruel purge of the Lamaist clergy, some people still refer to him as a national hero.

24. Concerning some external political aspects of Mongolia's integration into the Soviet Bloc see chapter three "History of state collectives".

25. See Denizer/Gelb 1992:3ff.

26. The size of the national herd remained around 22 to 25 million head from 1960 to 1990.

1989 its share had fallen to 19.9 %[27]. Industry then produced about 33.8 %, trade and supply 26.9 %. These data indicate that the rural production ranged only third in the productive sector. Furthermore, whereas overall investment in the rural economy rose by 54 % from 1980 to 1989, the proportion of national capital invested in the rural economy declined from only 20 % in 1980 to less than 14 % in 1989.

However, it is important to note that with the drastic fall in industrial output since the beginning of the reform process[28] (a decrease of 30.1 % between 1989 and 1991, see ILO 1992:3), the national herd has nearly become the only resource that the government has at its disposal to secure export earnings and meet the nutrition needs of the urban population. As one result of the transfer of all rural assets to private herders it was no longer possible to meet these needs. The new owners' reluctance to market their products spelled a disaster for the national economy. This will be illustrated in the following in the context of the reform process.

- Political changes and nationalism

The beginning of the economic and political reforms now underway was marked by the removal of Tsedenbal[29] in August 1984. Dissatisfaction with central planning was growing due to lower output growth and shortages of consumer goods. Influenced by the political changes in the Soviet Union and the resurgence of nationalism, Mongolia began its own program of political openness and economic restructuring, simultaneously with the beginning of 'Glasnost' in the former Soviet Union in 1984. The first attempts took place within the context of central planning. In the following years, overall budgetary deficits increased. The funds for deficit financing had been entirely supplied by the Soviets and thus they were the driving force of growth during the 1986-'89 period, until the Soviet Union began to reduce its expenditure for subsidizing the Mongolian economy. This situation made Mongolia even more vulnerable to external shocks. Starting in 1989, the economic difficulties of the former Soviet Union had severe impacts on Mongolia, when part of the financial assistance that had been used to fund the budget deficit declined by 50 % from its 1988 level. This was equivalent to 15 % of Mongolia's GDP[30].

27. See Sloane et al. 1991:32.

28. As the Mongol Messenger notes, in the beginning of 1994, for the first time Mongolias industry recovered, its output reaching the levels of 1989. Certainly, this was only possible through the assistance of loans and credits and does not indicate a general upswing of economic performance, especially not in terms of equitable distribution.

29. See chapter three "History of state collectives".

30. According to ILO (1992:2), the challenge faced by Mongolia in implementing the transition process was far greater than in Eastern and Central European Countries, with regard to its inherited economic structure, isolated status and dependence on Soviet aid and trade.

Simultaneously, the CMEA trading system began to crumble[31]. Its transformation placed a tremendous additional strain on any economy already burdened with the short-term costs of reform.

Since 1989, radical changes have been introduced by the Mongolian government. The increasing economic difficulties, lack of consumer goods, rising prices and visible unemployment, have led to popular demonstrations in March 1990, including a hunger strike on the central square of the Capital Ulaan Baatar. The Mongolian People's Revolutionary Party (MPRP) reacted by formulating a comprehensive program for political and economic transformation.

In April 1990, the monopoly of the MPRP, which had been guaranteed by Mongolia's 1960 constitution, was broken by the upper house of parliament, the People's Ih Khural. Previously outlawed opposition parties were officially recognized. Elections in July 1990 resulted in the MPRP winning over 330 of the Great Khural's 430 seats. In the newly elected coalition government, still dominated by the MPRP, some of the most important positions, including the deputy prime minister who was responsible for privatization, were held by other more reformist parties. In addition, a new president was elected[32].

The new government repudiated communism and pledged to create a market economy, and to take further steps toward democratization and the protection of

31. Following Bratkowski (1993:6ff.), one reason for technological stagnation in the command economy was the policy of autarchy among CMEA members for the principle to ensure strategic security of the Warsaw Pact. This caused an increasing isolation of CMEA countries from the world economy. The policy of autarchy resulted in a technological gap between the CMEA and the rest of the world and this gap then demanded import substitutions on the part of the Soviet Union for the development of domestic production. As the gap with the West widened, the list of hard currency export goods was reduced more and more to raw materials, agricultural products and intermediate goods requiring little processing. But only the USSR still gained some surpluses from raw material exports - all other seven European CMEA countries and Mongolia had negative balances on trade with the USSR. This resulted in growing dependence, which meant for the USSR more political influence and simultaneously more costs. This was due to the necessity of giving up some hard currency revenue in favor of maintaining production in the satellite countries. As this gap could not be covered by an increase in debt it was inevitably causing a fall in production, national income, consumption and investment. The CMEA trade shifted from bilateral clearing at administered prices to multilateral trade at world-market prices on January 1, 1991 (see Gelb/Gray 1992:18). Although being a logical consequence of market oriented reforms, this shift caused substantial trade losses to the smaller reforming countries, in favor of the Soviet Union. Commodities previously bought from the USSR now had to be paid for with convertible currency earned in other markets, but the CMEA countries were unable to compensate for the growth in essential convertible currency expenditure because of the lack of sufficiently attractive export goods.

The path to convertibility became standard in the emerging market economies, in line with the advice given by IMF, see Schrettl 1991:120.

32. Unlike some other former socialist countries which started implementing the transformation to a market economy, the Mongolian reform program was initially characterized by a lack of violence and by mutual agreements between the government and the population, see Denizer/Gelb 1992:7-9.

human rights. The newly-constituted People's Great Khural (parliament) elected P. Ochirbat as the country's first president. The new constitution was drafted and, after extensive debate and revision, ratified by the People's Great Khural on January 13th, 1992. It provided for a parliamentary system of government, with a single chamber of 76 seats and devided power between the president, the prime minister, and parliament. The members of parliament would be elected directly by the people, while the prime minister would be chosen by the party with the greatest representation in the parliament.

In the national elections of June 1992, the MPRP won 71 of the 76 seats in parliament, while the new democratic parties shared the remaining five[33]. This outcome was criticized as a defeat for democracy and a return to the past. Other observers of the election saw it as a sensible vote for stability in the face of uncertain times. Voter participation was high, averaging 92 %. Developments which followed indicated that the new democratic forces were beginning to retreat from the political arena. They were unable to form a party bloc in the parliament[34], in spite of some attempts to form opposition coalitions. The advantage to all of this was that the ruling communist party could be made responsible for any constraints and problems which accompanied the reform process. There has been a great deal of speculation about whether or not mistakes had been made - or if bribery and corruption had let to their defeat. There is, however, no doubt that the tremendous economic setbacks would have occurred under any form of leadership, since they were only partly directed by political will and action.

In most former socialist countries, the role of the state is still undefined[35]. Tensions are recorded between the strong central leadership needed to push

33. The new government under prime minister P. Jasrai was formed in August 1992. In order to reduce bureaucracy, a National Development Board was founded to coordinate the activities of all sectors of the ministries.
In April 1994, the incumbent Jasrai government was asked to resign on charges of bribery and corruption. This coincided with the announcement of the ninth officially registered political party in the country, the Party of Democratic Renaissance of Mongolia (PDRM). by former Prime Minister Byambasuren. In its first congress in June 1994, the discussion focussed on critics of the MPRP. whose rule "has led to the distortion of the essence of democracy and it is leading the nation to a system much more dangerous and rotten than the previous regime" (see the Mongol Messenger No. 23 (153), June 7, 1994, p.1, citing the new party's secretary general L. Purevdorj).

34. In addition to the establishment of a government at the national policy making level, representative bodies at lower levels of government were created to articulate the interests of the population.

35. The role of the state in transition processes which underly structural adjustment measures has been discussed controversely. During the 1980s, also called "the lost decade for development" (see Lafay/Lecaillon 1993:20ff.), the state functions were generally restricted to the provision of rules for free market relations in the neoclassical sense. At the end of the 1980s, the need for more interventionism of the state in 'developing countries' (DCs) was acknowledged, since the state and the administration were seen as the only structure capable of preventing a fragmention within the country and providing a minimum of services in key fields such as security, basic infrastructure, crop production, education and health services. World Bank data, however, on public employment and

through difficult reforms and the broad participation and compromise needed to ensure widespread support for the program. The central executive authority has been discredited by past experience and generally a new model of a strong government with a legitimate role in a market system has not yet been developed. Thus the simultaneity of carrying out political and economic liberalization demands for urgent and difficult desision-making. Murrell (1991:19) assumes that the analysis of what should be left to the market and what should be done by the state entails a mode of thought which is still alien to reforming socialist countries.

In Mongolia, governmental decisions provoked conflicts between domestic goals and adjustment measures agreed on with the IMF and World Bank, as illustrated in the following chapter. Domestic goals included the necessity to maintain at least some essential welfare provisions of the previous system: Socialist countries generated full employment, narrow wage and pension differentials, heavy subsidies on basic goods and incomes which were relatively equally distributed. Housing appeared inadequate by the standards of industrial countries, but the urban poverty and homelessness seen in many market economies at similar income levels were avoided[36]. Education and health levels were low compared with industrial countries but quite high compared with middle income countries. Far-reaching maternity and child care benefits facilitated high female participation in the labor force and high rates of female literacy and education[37].

One aspect of the MPRP's strategies in the transformation process which lay outside the sphere of structural adjustment policies, should be stressed here: the encouragement of nationalistic features, including the revival of Tibetan Buddhism and old Shamanistic traditions. The official acknowledgment of the cruel purge of the Lamaist church, from 1922[38] onward, led to the foundation of a Museum for Victims of Political Persecution in the centre of Ulaan Baatar in 1994. Since 1990, more than 120 monasteries have been rebuilt. The number of monks was estimated to be around 2000 in July 1994. The construction measures were partly financed by the government, but mainly through donations by the increasing number of religious believers themselves. Big events like the opening of a new monastery or the official collection of

enterprises suggest that the public expenditure programs of DCs are of limited effectiveness and thus Lacay/Lacaillon assume that "governments would do well to reconsider the extent of their engagement in economic activity" (1993:20).

36. See Gelb/Gray 1991:3.

37. On the other hand it has to be noted that certain structural characteristics made these societies and economies particularly difficult for women. The wage structure forced many families to have two incomes, while part time work was rare. Women were overrepresented in lower paid jobs and they continued to carry the major burden of child care and housework, see Gelb/Gray 1991:28.

38. See also chapter three "History of state collectives".

contributions were often supported by high-ranking politicians and announced in newspapers.

Concerning language politics, it was decided that the Uighur script, which had been abandoned in 1946 in favor of the Cyrillic, would be reintroduced from the end of 1994. In 1993, training courses for this script were integrated in the Mongolian educational curriculum. Though many people appreciated the old script as a part of their indigenous cultural heritage, there were many arguments against a comprehensive script reform. They were mainly concerned about the fact that the obligation to use the Mongol script would inevitably create a large number of illiterates among the Mongolian population. Up to 1992, about 97 % of the population could read and write due to the comprehensive educational system. The Cyrillic alphabet could be adapted to the spoken Mongolian language. Mongolian scholars insist that the Mongolian script was only adequate for the spoken language of the times of Cinggis Khan. Furthermore, critical voices point to more urgent needs for which intellectual and financial resources should be used[39].

Regarding the increase of the overall social and economic deterioration, the creation of a nationwide concept of history and culture is to be valued as a strategic measure by the government to palliate the sufferings of the population. It has to be noted that nationalistic elements receive greater official recognition, the more the social constraints and problems increase. Offe (1991:23), following Hirschman's model of the 'political economy of patience' (1981:39-58), addresses the question of whether governments of reforming countries are capable of generating the "patience and civilized behaviour of the less fortunate ones" through political resources and institutional reforms. It seems that at present a strong pride in being Mongolian is crucial to the self-perception of those who are less fortunate. This, however, does not ensure "civilized behavior", as the high crime rate indicates[40].

The nationalistic symbols, including also heroic epics, were regarded as relics of feudalism and eliminated under socialist rule. Consequently, touring musicians, narrators and singers were officially prohibited after the 1930's, though they continued to perform in the remote areas. In this context, Harvilahti (1993:7) sees oral poetry as a starting point for the creation of a cultural and national identity. He observed how traditional genres are now used in new forms. In Ulaan Baatar, pop groups with electric guitars and light orchestras base their music to some degree on traditional melodic structures, while the

39. See also chapter five "Children and school drop-out".

40. Mongolian national resurgence has such a strong impact on the population, that it stirs animosity toward, or fear of ethnic minorities in Mongolia, although compared to nearly all other former socialist countries in transition this problem is only of marginal relevance. Mongolia's population is ethnically very homogenous (see chapter four "The Darhad people").

texts observe the stylistic devices of folk literature. This means that the old patriotism which was directed to the 'community' of socialist states was rapidly substituted by the "imagined community"[41] of the nation-state and enriched with revived elements of Mongolian cultural features. These were enforced both by the public in learning the traditions and by the government in openly acknowledging and financially supporting them. It was the government's explicit decision in 1991 to encourage the revival of old Mongolian customs and traditions. This decision manifests itself in the yearly Naadam festival, also called "The three male games" (Eriin gurvan naadam). Horse-racing, wrestling and archery have been celebrated since the times of Cinggis Khan, who held such ceremonies after successful battles. After the communist revolution in 1921, the 11th and 12th of July were declared the "Revolution days", and the customary games were integrated into military parades and socialist propaganda and agitation. The origin of Mongolian customs had to be denied, Cinggis Khan proved to be too much competition for the ruling elite. Since the political liberalization has begun to set in, the games have regained their nationalistic integrative function and Cinggis Khan is officially celebrated as the founder of the Mongolian imperium, as part of a comprehensive nationwide rehabilitation program.

- Economic changes and structural adjustment

In some respect, Mongolia's reforms were at their start less comprehensive than those of Eastern European countries which had applied the "shock therapy" advised by IMF and World Bank more radically[42]. The different elements of the therapy can be divided into the relatively easy, and the more difficult and time consuming elements of economic transformation. The key characteristic of shock therapy is that various components, such as price and trade liberalization, reduction in budget expenditures and government subsidies, tight monetary policies and a devaluation of the exchange rate, are united into a single, coherent package. This is seen as the relatively easy element. The structural and institutional reforms, however, which include privatization, banking reform, fiscal reform, legal reform etc. are more difficult and time consuming. These tasks are dealt with differently by each transforming country, according to its own specific features. The Russian shock therapy program was similar to

41. See Anderson (1983:15f), who defines "Nation" as an "imagined political community, imagined both as limited and sovereign". "Imagined" because its members generally do not know most of their fellow members, they only imagine them as members. "Limited" because of territorial and ideological boundaries, beyond which other nation states exist. "Sovereign" entails the concept of "Nation" which arose in the age of Enlightenment and revolution, when the legitimacy of the divinely ordained power was destroyed in a general wish for freedom. Sovereignity served as an indicator for freedom. In this sense, Anderson's definition of "Nation" is applicable for the Mongolian case.

42. Another distinctive feature of the Mongolian program was the introduction of rationing in January 1991. Half of the rationed items, including sugar, rice, and flour involved imported goods.

programs introduced in Poland, Czechoslovakia, Bulgaria and Romania. According to Boone (1992:4ff.), their governments were able to implement the first rapid measures within a few months. It is expected that it will take years to carry out effective structural and institutional reforms.

Mongolia did not attempt to take the same path[43] of reform, but nevertheless tried to follow IMF and World Bank advice. A delay in meeting the structural adjustment targets agreed on with IMF in July 1992 led to the freezing of all further credits by the agency until the beginning of 1993[44]. Donors became impatient in August 1992. The IMF then halted its standby credit to Mongolia because of the country's failure to meet several conditions which had been agreed on in an atmosphere of enthusiastic reform willingness in the previous year. Mostly blamed was the government for its loose monetary policy. The credit expansion raised the annualised inflation to almost 250 %. By June 1992, Mongolia had failed to meet six of seven loan conditions agreed upon with the IMF[45]. The Fund's freeze had serious consequences for the Mongolian economy, and led to a delay of about 38 Mio US dollars from the IMF, Asian Development Bank and the World Bank. Mongolia had to meet interim measures prepared by the IMF before further funds were released. Obviously, Mongolia could not afford the shortage, since the country had no foreign exchange reserves and was behind on many of its payments to foreign investors and suppliers[46].

One of the reasons for the delay was the problem of conflicting domestic stabilization measures and structural adjustment goals: While under central planning the budgetary state expenditures had amounted to nearly 65 % of the GDP, in 1992 the expenditures fell to 33 % of the GDP. The overall size of state expenditures was further reduced as a consequence of privatization and by

43. Concerning "path dependence", see chapter one.

44. This had also an internal aspect. By the beginning of 1992, some 80 % of all small enterprises were in private hands. The opposition called for a rapid price liberalization so that privatization could go ahead quickly, while the government argued that the private sector and market institutions needed to develop first. This reflected the different constraints and incentives faced by the government and opposition. For the first time the MPRP was confronted with serious electoral competition and had to gain the support of the population to stay in power. This forced them to adopt a more gradualistic approach. The opposition on the other hand had nothing to lose and continued to press for rapid reforms.

45. Concerning the ambiguous role of the government see chapter two "Political changes and nationalism".

46. See The Mongol Messenger No. 43 (69), Oct 27. 1992.
Just two weeks earlier, the Mongol Messenger had reported (see No. 40 (66) Oct. 6, 1992) a severe decrease in the living standard of parts of the population such as civil servants, teachers, doctors, pensioneers and students due to the liberalization of prices. In 1991, elderly citizens of Ulaan Baatar had already staged a sit-in strike on the main square when the previous Government first freed prices. Their placards indicated that rapid price liberalization, one of the most urgently demanded reforms of the IMF, was severely hitting the pockets of the population. Nevertheless, open rebellion never occured.

measures to reduce government subsidies and outlays, on the advice of the IMF and World Bank[47]. This together with many other factors, caused the social and economic downturn. As a consequence, the government's initial macroeconomic policies were ambiguous with regard to the difficult and undefined role of the state in its new orientation. In order to foster a market economy the government cleared the way for a free foreign market. It permitted private enterprises and removed the states bank monopoly. Nevertheless, it continued to maintain direct control over the main revenue generating assets to counter the economic downturn and inflation. As reforms unfolded against the backdrops of a worsening macroeconomic scenario, the potential for social disruption, particularly in urban areas, also became more apparent to reformers. This caused the necessity to make some difficult choices concerning the pace of reform and the distribution of adjustment costs. A realistic assessment of the situation seemed to be that the MPRP was delaying the implementation of those reforms that would have an immediate negative impact on the welfare of the population, until the upcoming elections in June 1992 were over. This meant for instance, that the passage of the badly needed sales tax law to increase revenues, despite being ready in its draft form, would be held up in parliament. The economic and social costs for such a delay were high, as the IMF's freeze of loans indicates.

Especially the latter factor, tax policy, is conflictory with the needs of system transformation. Revenue requirements confront the need for more transparent and less burdensome tax rules to spur private sector development. The resolution of this dilemma is seen in a comprehensive tax reform which would facilitate the restructuring process of both public and private firms by improving incentive structures. There are, however, several constraints to this strategy: on the one hand, capital and technology are often deficient, and on the other hand, the attitudes of managers, workers, and government bureaucrats do not change immediately.

The new Mongolian tax law which was put into force in autumn 1992 provoked open protest. Tax burdens were estimated to be the biggest constraint to the development of a private sector. With the collapse of the national market, many firms and individual entrepreneurs started to engage in informal trade transactions between China and Russia to supply the consumer market[48]. These

47. See The World Bank/UNDP Mongolia 1993b:3.

48. Investigating the mechanism of private sector development, Hahm (1993:9) describes the 'triangular' trade route: "Private traders engage predominantly in surface trade, both road and rail, as well as air cargo in the form of checked-in and hand-carried baggage on commercial flights to and from Mongolia. The trade is a mixture of barter and hard currency transactions, where substantial amounts of Chinese goods, mostly consumer and electronic goods, are imported by private traders into Mongolia for re-export to Russia. To start the cycle, private entrepreneurs would go to China to purchase consumer goods; the goods are then shipped and sold to Russia for hard currency; and the process is repeated. This (...) has been a flourishing base of private sector trade activities; however, its

initiatives were hindered by the new tax law. The government had to amend and revise the law in spring 1993.

Nevertheless, it is notable that in certain areas of structural reform, particularly privatization, Mongolia has proceeded faster than any other country in the world. The centerpiece of the reform process was the privatization program. Before I turn to a summary of the privatization process, some aspects of the legal framework should be introduced.

- The legal framework

General aspects

According to the 1992 constitution, the supreme legislative power in Mongolia is the Great Khural, composed of 76 members who are freely elected for four-year terms. Mongolia's head of the state is the president, and its highest executive body is the government, led by a prime minister. The judicial power is exclusively exercised by a judiciary, which has to be "independent and strictly guided by law" (Art. 47-56 of the Constitution)[49]. From 1990 to mid-1992, over 60 laws had been enacted and more than 500 government resolutions were issued by the Council of Ministers to facilitate the implementation of the various laws. Whereas laws establish the legal framework and principles for various policy areas, government resolutions supplement laws with specific amendments, qualifications, and implementation guidelines[50]. According to Richardson (1993:4), five legal reforms are essential to the establishment of legal support for market institutions:

1. Establishing due process of law.
2. Guaranteeing the independence of the judiciary.
3. Creating an effective and impartial court system.
4. Writing a contract law and other commercial laws.
5. Establishing the institutions of property.

value added to the domestic economy has, by and large, been marginal". It has to be mentioned that these time consuming efforts were a dangerous and exhausting task. Riots between Russians, Mongolians and Chinese traders on the train route led to the imposition of a visa requirement for Mongolians entering Russia. Further, the amount of cargo was limited and import taxes were raised in order to improve control mechanisms.

49. See Whytock 1992:22.
According to Richardson (1993:3), under the new constitution the judiciary is theoretically independent, whereas under the old system the courts were accountable to the presidium. Nevertheless, practically the ability of the judiciary to independently restrain the executive and legislative branches is limited because the court system remains undeveloped.

50. See The Boston Consulting Group 1992:6.

The author points to the need to address these issues urgently, because most market-based economic and business activities take the legal and regulatory infrastructure for granted (1993:5). This is especially important for the new property structures in post-socialist economies. He states that in a market economy, property is a bundle of rights which leaves the use of the property to the owner's discretion. The property owner's discretion is usually exclusive and not subject to limitation by non-owners, unless the owner is under contract. Moreover, governments are restrained from taking private property without due process of law and just compensation. Mongolia's Constitution now recognizes private property, although the scope of private property remains to be established. There is widespread agreement that Mongolia has made rapid progress in enacting laws, still criticism remains concerning the fact that the laws are often inadequate in relation to the actual situation. A suitable framework for collective bargaining and private sector activity will be missing as long as the legal institutions to implement and enforce the laws are undeveloped. To Murrell (1991:18), such a framework is not easy to establish even under the best conditions. "In Mongolia, where there is little history of commercial activity, the task is yet more difficult. The necessary systems of law and due process simply have not been incorporated in the society's mechanisms". The high number of laws which have to be amended after being put into force underlies this statement. In many cases, drafts and bills were imitations of other countries' laws which did not fit the Mongolian conditions. Since my study mainly concerns social organization and natural resource use in the rural areas, I will discuss the legal framework for landownership in the following.

The land law discussion and grazing fees

Concerning the issue of land, the Mongolians felt that Western practices were not necessarily appropriate given the distinctive Mongolian circumstances[51]. This is only one of the reasons why the government needed about four years to finish discussions on the proposals submitted by the parliamentary standing committee regarding the Land bill, in June 1994[52].

51. In Mongolia, land is one of the resources foreign investors are interested to acquire, especially Chinese and Japanese. With regard to historical experiences with these powers, Mongolians are aware of the significance of decisions on private ownership of land.

52. According to the latest bill, foreigners are only allowed to lease land for their own personal use or for their business operations, provided they pay the land rent and accept the conditions set for land lease. Rent for the land leased to joint ventures with foreign companies is the same as that for local economic entities. Applicants have to provide financial guarantees and prove that their technology is progressive and does not harm the environment. Concerning ownership, both urban and rural Mongolian families are entitled to own small plots of land for growing fruits and vegetables, on a maximum of 0.05 hectares of land.

The framework for land rights and protection in Mongolia will have four legal sources: The Constitution (1992), the Land Law, the Civil Code (Jan. 1., 1992) and other legislation with provisions concerning land. The constitution requires that the state recognize "all forms of public and private ownership" (Art. 5,2). Land owners include the state and Mongolian natural persons. The land law proposes: "The state and natural persons of Mongolia may own land". Land may be possessed by persons other than the owner, the civil code recognizes the discrete rights to possess, use and dispose of property.

According to Whytock (1992:49), the still insecure and incomplete nature of land rights in Mongolia, with continuing state control of land use will limit the prospects for individual activity and decision-making and will hinder the development of "an ethic of individual responsibility for efficient and environmentally sound land use". To him, this reflects attitudes of those who drafted the land law towards reform. They hesitate to acknowledge contracts to protect the owners' and possessors' rights. Furthermore, they fear that a market-oriented economy will result in widespread degradation, because they think that individuals are not sufficiently experienced in making decisions regarding environmentally sustainable land use.

In my opinion it would appear that two aspects related to the latter notion are important. On the one hand, it is questionable whether a concept of private land ownership exists at all in the Mongolian population. On the other hand, the ascription of land to individuals seems impossible in an environment of mobile pastoralism where decisions are not made by individuals but groups who use resources commonly. Campi (1992:5) hints to a lack of tradition of private land ownership: "One of the basic tenets of the free market system is the emphasis on freedom to buy and sell immovable property. (...) However, in a society such as Mongolia, this type of land ownership is not a given nor even a desirable goal worth saving or sacrificing for." According to Whytock, individual land ownership had not been a developed institution between 1206 and 1992, the latter being the year that the Mongolian constitution gave Mongolians the right to own land for the first time. The constitution of 1924 prohibited private land ownership expressly and all land became state property.

Although it is widely agreed on and manifested in Article 6 of the Constitution, that all pasture land remains in the ownership of the state, the constitution and the land law draft both do not explicitly prohibit private ownership of pasture land, they just do not provide a mechanism for its privatization. Therefore, Whytock (1992:47) concludes that a law authorizing privatization of pasture land would not be unconstitutional. Another problem arising from the formulation of the land law draft is connected to the fact that there is about 1.7 million ha of land in Mongolia which is suitable for crop production, but only 1.3 million ha is already being used as cropland. Whytock points to the

provision of the law on land use (Art. 4, reprinted in W.E. Butler) that "land may be transferred from one category to another. Thus, pasture land apparently could be recategorized as land for crop production, for example, and than privatized."[53]

Concerning the individual use of pasture land, the law anticipates the leasing of some land to herders. An additional guideline contains rules and procedures concerning grazing fees. It was assumed that the payment of a fee would give responsibility to the individual herder who uses the resource, previously referred to as common property, for his private herd. Free-rider behavior and trespassing should thus be eliminated[54]. Another aim has been to force herders through the payment of taxes to market their products. This should foster the process of commercialization of the livestock economy and a reintegration into the national economy. According to recommendations of the Land Policy Institute (1992) the fees' "purpose is to increase the efficiency of land use which is the main source of food, and to motivate people to improve land quality."

For the implementation of the fees, it is planned to collect them from the individual herder whose seasonal routes are to be registered and fixed. This seems to be an impossible task, due to the fact that herders will not, even after liberalization of the collective economy, decide on their resource use individually[55]. Schlee (1990:25) hints at the perception of space of Rendille camel breeders in Kenya as "possessiveness about a place", connected to Rendille origin myths around a certain well[56]. As will be illustrated in the case study of herders after privatization (chapter five), 'possessiveness' as a conception of space is now partly determining forms of the reorganization of pasture usage in Mongolia: The Tursun nutags are searched for as places of origin. This has nothing to do with the perception of individual use and possession of land yet, but I assume this will have to change with the implementation of grazing fees or leases. Policy advisers see a solution to this problem in the consultation of customary institutions, namely groups of herders, who commonly decide on pasture usage[57].

At present, it is assumed that even under more favorable marketing conditions, livestock production will not supply the population with sufficient food, since

53. Whytock 1992:47, FN 203

54. On the theoretical discussion on "The tragedy of the commons" see chapter five "The theoretical framework".

55. This will be discussed in detail in chapter five "Patterns of mutual assistance".

56. Their representation of space is what Schlee calls a "zero-dimensional spatial entity", without extension to other claims than the use of the well. Thus, they are not possessive about territory but about one myth connected place. This perception is dangerous with regard to the interests of other groups in such natural resources, which under increased land competition, might classify the Rendille perception as belonging to the "domain of the symbolic".

57. For further discussion on this topic see chapter five "The theoretical framework".

the productivity of the extensive livestock economy is traditionally low. Therefore, Mongolian planners favor an increase in productivity of livestock rather than an increase in the number of livestock[58]. Since there are no plans to develop production systems or sources for animal feed other than pasture in the near future, other measures are being sought to protect the pasture[59]. I consider the plan to reduce the number of livestock another measure which does not fit to the perception of Mongolian herders. Especially at present, the increase in the number of private livestock is widely anticipated by herders, as a way to protect against the risks of a private livestock economy.

Nevertheless, the government has developed far reaching and comprehensive plans for a taxation of natural resources. In order to illustrate the post-socialist organization of agricultural issues on the national level, Figure I provides an overview of the cooperation between Mongolian rural development institutions and projects in the year 1993: In 1991, the Agricultural Economics Institute (part of the Ministry of Agriculture) started a project with three interrelated topics: "Knot Ail". "Evaluation of Agricultural Land" and "Marketing of Agricultural Products". While the latter was started in 1993[60], the Khot Ail project was started in spring 1992. It aimed at the evaluation of herders' changed circumstances and their needs. In each of the four seasons one Mongolian researcher visited one of the five ecological zones of Mongolia for a period of ca. 30 days[61]. The projects were initiated in cooperation with the PALD working group[62]. It was planned that the projects would be carried out over a period of three years, but the Khot Ail project was halted after one year due to budget constraints. The "Evaluation of Agricultural Land" - Project (EAL) undertook, in cooperation with the Land Policy Institute (LPI), an investigation of the soil quality of any Soum in the country. The LPI, acting on behalf of the Ministry of Nature and Environment (see Figure I), used the findings of the EAL for the development of a methodology for land tenure and a land resource information service, including mapping. The comprehensive efforts of these state institutions still aim at a taxation of grazing land. As outlined in this study, herders' perception of land use and ownership and their conception of space may run counter to such strategies. This is partly due to the privatization of nearly all rural assets through which the means of production and decision-making was transferred to private herders.

58. It is planned to improve animal productivity through engagement in better animal selection, reproductive traits and performance, and to develop fodder use.

59. According to Conner (1992:17), of the 121 million ha of rangeland in Mongolia, a total of 7,5 million ha is degraded, the worst in the Western Aimags in the mountain zone.

60. In cooperation with PALD. results see chapter three "The present situation of rural marketing facilities".

61. As outlined in the "Preface" of this study, for the winter/spring season of 1993, I had the chance to join Amraa, who went to the remote high mountain zone of Huvsgul province, to visit 10 Khot Ails.

62. The "Policy Alternatives for Livestock Development", Institute of Development Studies, University of Sussex, see next chapter.

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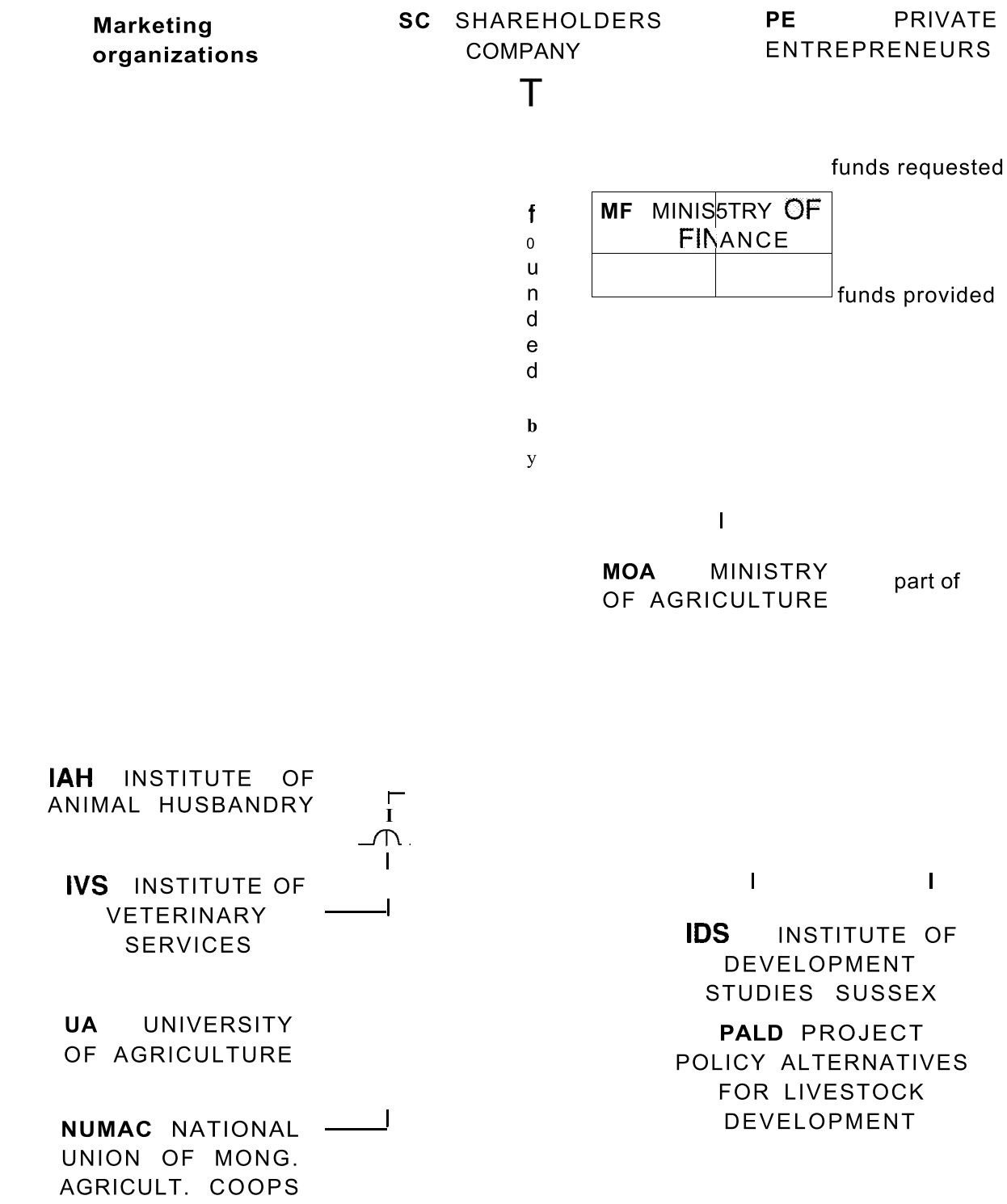
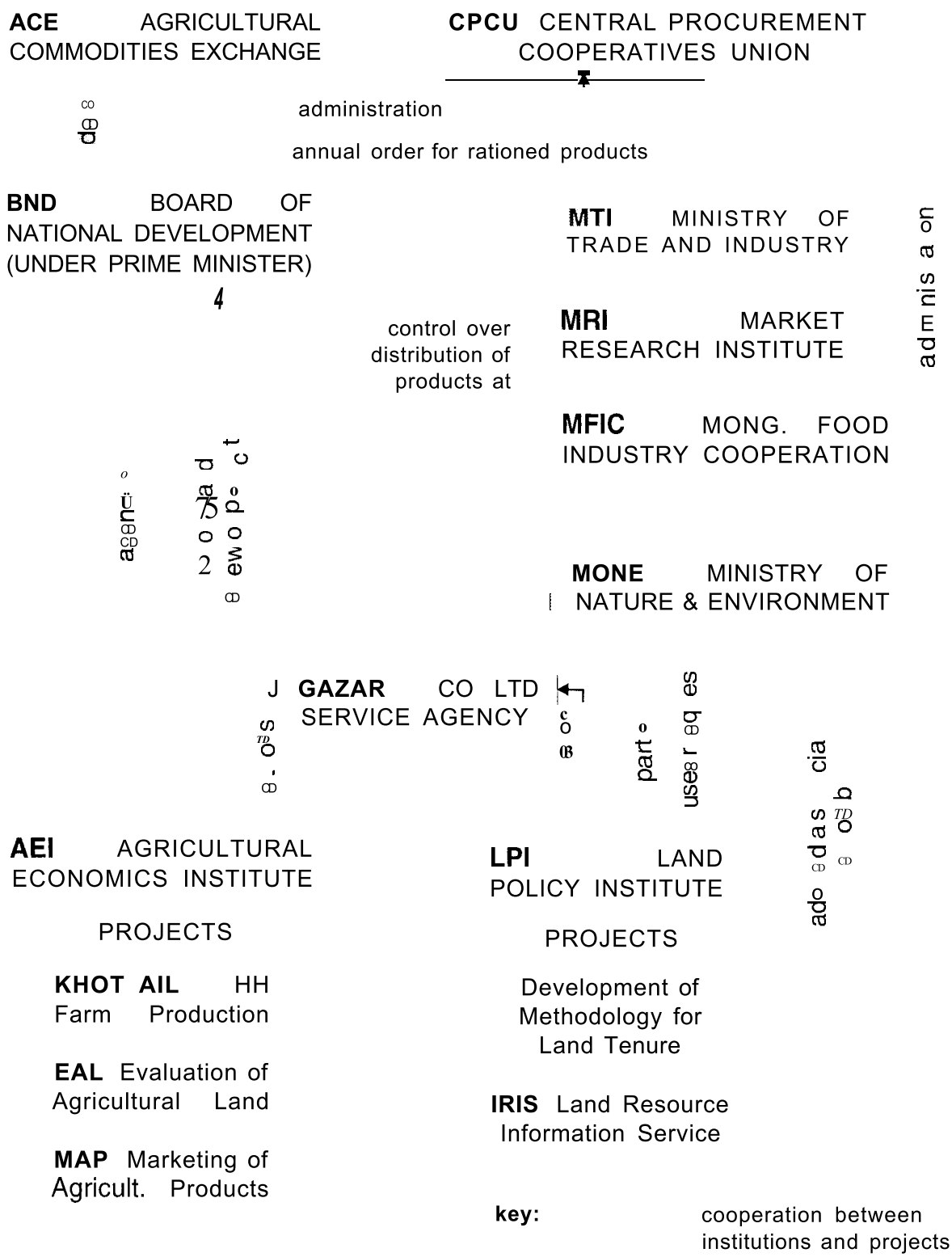
FIGURE I Cooperation of Mongolian rural development institutions and



Source: own data collection

projects, February 1993



- The Mongolian privatization program and its implementation

The characteristic feature of the Mongolian privatization program was the free distribution of state assets by a comprehensive voucher system. The face value of each voucher amounted 1,000 TG, they were serially numbered[63]. Red vouchers were for the privatization of small businesses, all agricultural assets (excluding land) with a total book value of 9.4 billion TG. Blue vouchers were intended for the privatization of 344 large enterprises with a book value of 10.8 billion TG (see Denizer/ Gelb 1992:9). The assets in the small privatization category were to be transferred to the private sector at auctions arranged by local authorities, using the guidelines established by the Privatization Commission[64]. The latter had to place a value on them and then to inform the population by listing the assets to be auctioned in newspapers across the country. Each individual holding red vouchers could bid for the asset, cash payments were excluded from the process. The highest bid won the asset and the ownership certificate was issued to the new owner.

The privatization of large enterprises was carried out by auctioning them through the stock market with the use of brokers. Trade with the blue vouchers was forbidden[65]. They had a face value of 7,000 TG. The enterprises developed privatization plans and obtained approval from the Privatization Commission. The Commission then had to re-evaluate the enterprises' assets. The enterprises were then converted to joint stock companies, and 10 % of their shares were granted to their employees, who would participiate in the auction on an equal basis with others. Brokers throughout the country collected the bids and phoned in a bid for a batch of shares (in the form of vouchers) to the stock market. The broker with the highest bid for the batch received it and registered the owners of shares to provide them with ownership certificates. Brokerage firms also acted

63. "Estimates were made of the gross book value of all fixed assets in the SME (small and medium enterprise) sector together with the book value of all real estate in the three cities. From this a calculation of six billion TG was arrived at. Then this figure was divided by that of the Mongolian population calculated roughly at two million, but actually 2.2 million in 1991, to arrive at a figure of 3,000 TG per person for the red coupons or three coupons of 1,000 TG each. A similar calculation of 14 billion TG for the LSO's resulted in the figure of 7.000 TG for the blue coupons", see Sachs et al. 1992:4.

64. On the role of the Privatization Commission for decision-making in privatization of collective assets, see chapter two "Interest groups at national level".

65. The idea behind making red coupons tradeable was to allow auction participants to purchase red coupons at the prevailing price and then use them to buy out the SME's for which they were bidding. Individuals who for their own reasons did not want to play an active part in the privatization program (this included the majority of the citizens), could sell their red coupons at the prevailing market rate, thus effectively forfeiting their originally assigned stake in the SME privatization process. But the coupons could only be traded at discounts on face value (3.000) of up to 70 %. Therefore, citizens unwilling to trade their coupons under such conditions, began approaching the government to redeem them at face value. The government in September 1991 agreed to redeem them at 2,200, a figure apparantly arrived at through considerable bargaining and set up its own trading center for this purpose, see Sachs et al. 1992:5.

as mutual funds for people unable to choose a company[66]. In August 1991, a new classification of firms had emerged: Worker Buy-Outs (WBO), after in the original privatization scheme workers of firms had not been mentioned. They had received their coupons like anybody else but had not been acknowledged as shareholders in the privatization scheme, although workers are estimated to be the only shareholders of any significance[67].

According to Sachs (1992:3), the "shock therapy" - adviser to Poland and Hungary, the Mongolian privatization plan is possibly the world's first voucher-based mass privatization scheme. The fundamental concept behind the voucher distribution plan is that it acknowledges the severe shortage of private capital, and consequently of purchasing power, in a transitional economy and therefore attempts to effect a systematic transfer of purchasing power from the state to the population at large. But since the vouchers are not to be regarded as cash or its equivalent, it is nothing more than a citizen's claim to a small fraction of the state's assets and, by inference, to any future earnings potential. It turned out that, at least in the small privatization, the plan to distribute on an equal basis did not work since people with private capital bought the vouchers from those people trading them in the market who needed the money to buy consumer goods.

Every Mongolian citizen born prior to June 1991, was eligible to receive vouchers, according to the basic privatization law[68] passed in June 1991. Non-citizens were excluded from the plan. Voucher distribution began in June 1991 and a concerted effort was made that summer, but half a year after privatization had started, only 50 % of the population of Ulaan Baatar had received their coupon allotment. The following winter there was a deliberate go-slow approach on coupon distribution. This was due to the fact that the bulk of the population did not understand how to use the vouchers, and further, there were few incentives to get shares in state industrial assets, since the state retained control of many revenue-assuring companies by holding 51 % or more of the shares. Privatization of these entities therefore has been nominal in many cases,

66. See Denizer/Gelb 1992:10ff.

67. The WBO of Small and Medium Enterprises (SME) led to substantial ownership fragmentation, which left the question of future ownership unclear. Most of the coupons were collected through internal generation with each worker contributing an average of 12 to 15 coupons. Whether ownership rights accrued on a proportionate basis, in effect meaning a worker became an owner to the extent of his coupon contribution, or whether they were to be paid back, their coupon value out of enterprise profits was unclear.

68. The important asset, land, which has been subject to privatization debates in other former socialist countries, was not included in the small privatization, as the Great Khural was still debating the issue of land ownership. This could lead to peculiarities in the future - some firms would own their building but not the land it was built on. On further information about the land law see chapter two "The legal framework".

because of the state's majority ownership and because the new private shareholders had no means to influence the way enterprises were managed[69].

Thus, 49 % of the assets' value was divided amongst several owners who were not in control of the firm. The old managerial class was still operating and there was neither a chance nor the inclination to change this situation. That means, if shares were distributed equitably, every household would be entitled to only a small fraction of the enterprises. Moreover, lacking capital and entrepreneurship, the population at large was unlikely to become sophisticated investors or attend board meetings. In absence of training programs and legal support for trade transactions private entrepreneurship was severly limited.

An important role in the privatization process fell to the policy making body, the Central Privatization Commission (CPC in the following). It controlled a network of Local Privatization Commissions (LPC). The broad division of responsibility ensured that the CPC would handle all issues concerning the larger privatization and the LPC's handled the small. The Ulaan Baatar PC (UBPC) had been given a broad mandate by law, for supervising all privatization in its area. Five functions can be identified: 1. planning, 2. supervisory, 3. informational, 4. developmental and 5. custodial or regulatory functions. The third function was to provide information and advice about the enterprises and equipment being privatized and to coordinate distribution of information to the population on privatization. Observers from outside point to this latter role as being much neglected. The Commission had a core of hardliners and single Party members, who tended to pass up profitable firms on the basis of the 'loss of government revenue' argument. Under the UBPC were the District PC, one each for the four districts of Ulaan Baatar. They were responsible for coupon registration and collection and for conducting audits to ensure that there was no misappropriation of enterprise assets during the interim period between the passing of the City Council resolution and the final transfer of ownership, initially about a seven week process. As Sachs notes (1992:13), "By granting significant authority to the UBPC and the other LPC's, the system decentralized the process even further, forcing it down to the local governmental level. The flip side of this was the rise in corruption and other problems"[70].

69. See The World Bank 1993a:1.

70. As observers from international agencies noted (their drafts not being available for quotation), in a mass privatization scheme, corruption can take place at two levels, namely the initiating agency (UBPC) or the firm. For the assets of the auctioned firm, stripping was possible in the inter-regnum between the day the auctioned firm was advertised to the day the certificate of ownership was signed. The possibilities at both levels increased for the WBO when an attempt was made to set a value to the enterprise. During this process, pay-offs to the PC member or another UBPC member could be done at a very low price. At the firm level, firms had a built-in-incentive to ensure that assets of significant value are not included in the valuation process at all. Actual asset stripping though, ceased to be a

- Conclusion

The government followed different goals by implementing its comprehensive mass privatization program. On the one hand it intended to demonstrate its reform willingness by attempting to redistribute nearly all state property to the population on an equal basis[71]. Further, a regime of private property rights was aimed at enabling efficient enterprise operation. However, lacking capital behind the process, this seems to be an impossible task. According to ILO (1992:6), the free voucher system does not provide any injection of capital or encourage entrepreneurship. Thus, the change in ownership was not accompanied by changes in management and control of the enterprises. There was little influence of shareholders on company policies, especially when the state kept 51 % of the enterprises assets in its ownership.

Although, according to World Bank representatives, the voucher-based mass privatization is a quick cure, there has been a tendency to regard it as an end in itself rather than as a means to an end. There was little incentive for entrepreneurship due to the inability to use the privatized assets in the sense of the conception of property rights "to derive income from productive assets" (Walder 1992:524). In the middle of 1994, when all rural and many of the industrial assets were privatized, the critics of the privatization process still concentrated on the fact that the government had spent years for its implementation instead of creating the necessary conditions for the development of a private sector. A large amount of the intellectual and political resources of the country was placed into the privatization process and far less has been devoted to institutional requirements and a healthy environment for new businesses[72].

Interestingly, nearly all publications and drafts concerning the Mongolian privatization program concentrate on industrial privatization and aspects related to the urban population, but the impact of the privatization of rural assets for the Mongolian economy and society at large is evident. The fact that all animals were in private hands, led to an undersupply of food in the urban areas, e.g. Paradoxically, in a country with 2.2 million inhabitants and 26 million livestock, the government commission on meat procurement considered importing meat from Russia[73].

problem in the WBOs where the workers become their final owners, but it is concluded that in reality there were surprisingly few cases of corruption that came to the UBPCs attention.

71. A similar view is expressed concerning the Russian privatization program, which is far from being implemented on a large scale. Shlapentokh (1993:19) hypothesizes that the "ideology of privatization emerged as a necessary weapon in the fight against the totalitarian socialist state and its ideology of praising public property and central planning as necessary conditions for efficient economic growth."

72. See Murrell 1991:22.

73. See The Mongol Messenger No. 5 (83), Feb. 2., 1993.

Since my study focuses on the effects of privatization on the rural population, I will stress some aspects of the decision-making process concerning rural assets in the following.

2. Decision-making for the privatization of rural assets: Interest groups at national level

- Decision-making and emergence of interest groups

The process of decision-making for the privatization of state collectives gave rise to the emergence of groups which claimed shares of the Negdel's property[74]. There are some indicators[75] for an intertwinement of state and collective in rural localities. On the national level there are similar structures observable: the fact that the Minister of Agriculture was a high level civil servant and at the same time the elected chairman of the representatives of the Negdels underlines this notion. In the struggle for maintaining power structures and positions the latter, the National Union of Mongolian Agricultural[76] Collectives (in the following NUMAC) represented the conservative fraction which intended to keep about 70 % of the Negdels' property. The other extreme position was represented by the private herders' association, newly organized by democratic forces, open to innovation and aiming at fair competition for every individual household. They favored the destruction of all former organization structures and full privatization of all assets. The group of state employees, who in each Negdel represented the state support of services (without holding Negdel membership) was highly affected by the NUMAC's efforts to maintain power. Their position was defended by the State Privatization Commission.

These groups first emerged as interest groups in the process of creating a privatization law: In June 1991, the NUMAC protested against the privatization law drafted in April 1991 by the newly founded Privatization Commission. The groups involved in the discussion will be presented in the following with a short description of their history.

The NUMAC is one of the oldest political organizations, founded under socialist rule. It has even survived the changes after 1990/91[77]. The NUMAC, called 'Supreme Council of the Union of Mongolian Agricultural Associations'

74. The following information is based on personal communication with officials of the State Privatization Commission (SPC), Ulaan Baatar, August 9th, 1993.
75. See "Conclusions" of this chapter.
76. Although in the official translation the term 'agricultural' is used I refer to the less restricting term 'rural' instead.
77. Interview with Luvsandorj, chairman of NUMAC, Ulaan Baatar, January 9th, 1993.

until 1992, was founded in 1967 by the deputies of all rural collectives at their third meeting in Ulaan Baatar. The main task of the foundation was to improve the herders' life and marketing conditions and to develop service structures for children's education and care, as well as care and services for pensioners, women and workers within the Negdels. At the 9th meeting in October 1992, the organization received its present name. After the dissolution of the former Negdels, it represented on the national level those herders who were members of the Negdels' successors, the trading companies. These were supposed to maintain and control central service structures after the privatization of livestock and served as trading agencies for animals and livestock products. The NUMAC tried to centrally organize the development of the companies during the transition process and to maintain the old marketing or procurement channels through which herders had been connected with central planning[78]. Due to the fact that the elected chairman of the Union until 1992 simultaneously held the position of Minister of Agriculture, the Union's powerful position had been widely accepted. Henceforth, the Union submitted proposals independently of governmental decisions and was no longer an official authority on the Aimag and Soum level. While the Union now represented a smaller number of herders who were organized in the companies (since formal organization structures tended to dissolve), in Negdel times it represented most herders. Due to its former position, it became one of the interest groups which participated in the discussion about which groups are entitled to receive livestock and fixed assets out of the Negdel's property through privatization. It represented the active members of the collectives.

The second but less powerful group was the Association of Private Herders (APH), which held its first conference in January 1991 and was officially founded in June to represent fully independent private herders. It was supported by the government with an initial grant of TG 1 million, but faced substantial opposition from the NUMAC. The APH set up a rural credit fund to facilitate the access to small-scale processing and packaging equipment for private herders. Further, it aimed to support private market brokers and auctions to compete with the Mongolian Agricultural Commodities Exchange (ACE)[79]. The association functioned through the same channels as other organizations, with representatives on the national level in Ulaan Baatar and their deputies in Aimags and Soums. Its founders were young herdsmen encouraged by the winds of change and the future perspectives for becoming independent herders. They were joined by those Negdel members who, as soon as possible, had left all formal organization, in order to concentrate on the individual household as a production unit. These were in general wealthier herders who could afford the

78. The channel functioned from the union to the province department, to the district department, to the company (cooperative) and through this to the individual herder.
79. See chapter three "The present situation of marketing facilities".

risk of an individual livestock economy and did not fear the loss of the support and the security provided by the Negdels. In addition, herders who had always resisted the integration into the Negdel, though few, became members. Unfortunately, due to the representatives' lack of experience in livestock breeding and because of a weak organization and management structure, the association was not taken seriously neither by the NUMAC nor by the State Privatization Commission[80]. Nevertheless, the association provoked some controversial discussions that made the government, i.e. the Privatization Commission, rethink its guidelines.

The third 'interest group' was represented by the State Privatization Commission (PC in the following) that took up its work in 1991. During the discussions, it mainly defended the interests of those employees that represented the state in each Negdel[81].

- The diverse arguments

The draft of the privatization law which was passed in 1991 gave rise to protest by the collectives' (now companies') representatives concerning their own interests in the process of property reallocation. A congress organized in late 1991 resulted in the development of the "guidelines for the privatization of the Agricultural Associations' Property", which primarily expressed the position of the former Negdel leaders who wanted to maintain their positions. They demanded a separate privatization law for the privatization of rural assets that would empower the Negdel members.

Their main request was their wish to favor those who had contributed their livestock to the Negdel 30 years ago when it was founded, as well as the present active members of the Negdels who contribute their labor force. This meant the exclusion of all state employees from the privatization of livestock[82]. Moreover, the management and organizational structure of the former Negdel should be maintained. The successor of the Negdel, the joint-stock company, should be organized according to former formal organizational patterns. Therefore only 30 % of the Negdels' property (assets, animals, shelters) should be available for private households of members, 10 % of the animals distributed to other Soum inhabitants and 60 % should be the basis of the newly established limited

80. According to Ganjuur, interview August 9th. 1993.

81. For further information about the State Privatization Commission see chapter two "The Mongolian privatization program and its implementation".

82. Personal communication with Lhagvasuren, member of State Privatization Commission, August 8th, 1993.

On the question of status and influence in the Negdels see chapter three "The Negdels - social structure and mobility".

company. The cash in banks and all fixed assets should remain in the company's property to be controlled by the Negdel leaders. There was little interest in supporting independent private herders and state employees, only Negdel members should benefit from privatization. The basis of the argumentation by the heads of the Negdels was the opinion that the Negdels were private organizations due to their foundation statute, since private people (thirty years ago) entered willingly and formed the organization as if they had been shareholders of a common property. Only those people were to be recognized as members of Negdels.

The association's guidelines aimed at each Negdel's own valuation of the vouchers and re-estimation of assets. This meant that there would be an opportunity to determine the vouchers' value according to a plan of how many vouchers would be needed to distribute the animals to a certain number of people. In line with that plan, the price for the animal would be set to assure that all animals were distributed. The red coupon was proposed for livestock distribution while the blue one (large scale privatization) should be the basis for the company's property.

In contrast to these ideas, the second groups - the private herders' association - main argument was the demand to register and support the individual household as the main production entity. 100 % of the Negdels' property, including fixed assets and cash, should be distributed to all present and former members through the red voucher only. The blue one could then be used for other assets than Negdels, like shares in industry or state farms. The process should be carried out under the control of non-governmental organizations and should lead to total independence from any superimposed authority, acknowledging only the independent household as a formal economic entity.

After some conflictory exchanges of views between the state privatization commission and the NUMAC, the former gave a detailed report to the government. After a hearing in the State Khural. the parliament set into force several resolutions and directives that defined the government and its organ, the State Privatization Commission, as the only authority for setting guidelines for the privatization of the Negdels' property. Thus, the influence and power of the NUMAC was severely restricted. The resolutions passed in June 1991 determined how the coupons were to be used, identified the assets or objects which should remain under the central administration of the collectives (like wells, irrigation systems, seed stations, laboratories, breed stations) and prohibited the sell of assets to individuals for cash. Anything which had been sold by officials in the first half of 1991 was to be given back, and punishment through the State Privatization Commission was to be expected. All documents regarding privatization were to be published in the official newspaper "Ardin Erh" and a special publication with a collection of all laws, guidelines and

resolutions was passed. It was decided that there would be no other privatization law except the one already existing. A fifth paragraph was, however, added saying "the properties of the agriculture cooperatives will be privatized according to the decisions of the cooperatives' members, conforming to the MPR Law on economic entities and others"[83], i.e. according to decisions made at the Negdel members' meetings. The PC decision further prescribed the unrestricted use of both, the red and blue voucher for the privatization of livestock and fixed assets.

By this decision all rural property was virtually declared to be under state supervision. The fact that the state had for the last 30 years financed all service institutions, meant from the government's point of view, that Negdels transferred from collective to state property[84]. Anyway, there is a widespread view in Mongolia that the collectives served the interests of the state and its employees rather than those of their members. The final decision confirms this view. However, the rule of using the coupons for the distribution of Negdel property at prices fixed by the state (prescribed in the final report) should prevent illegal enrichment through the procurement of livestock (low pricing, red voucher) and, in addition, claim to ownership to shares in industry (blue voucher). Therefore it was suggested that the re-estimation of assets shall be carried out by outside experts and prices shall follow the level of pricing just before privatization. In the event that it would not have been possible to distribute all assets to former collective members, the remaining assets had to be exchanged through coupons to members of other Negdels, to make sure that no common property (livestock, fixed assets) remained in the Negdel's property.

- Constraints and the struggle for power in the privatization process

Approximately one year after the procedure had begun, several constraints were recognized. Mearns (1993:15) points out a widespread view among policy makers, like the NUMAC itself, that it was a mistake not to give stronger overall policy guidance in the process of privatization. The Ministry of Agriculture proposed to the parliament (for its autumn 1992 session) an amendment to the Privatization Law, which would overturn the exclusion clause (§ 5) which applies agricultural collectives. Those who had formerly held administrative positions in the collectives had abused their positions by misappropriating collective property. The crucial thing was that the decision-makers in the meetings of the Negdels' members were not the majority of

83. See the MPR (ed.), MPR Law on Privatization of Property. June 1991.

84. Besides, in its privatization program, the government announced the elimination of all outstanding debts of collectives and cooperatives, see MPR (ed.), The Mongolian Privatization Program. 1991

herders, but rather people in high positions, either state and Negdel administration employees or wealthy herders[85].

In fact the ongoing privatization process brought about several opportunities to gain personal advantage. After the discussions were brought to an end on the national level, the access to power and resources became subject to difficult decision-making within the Negdels .

The most complicated question that accompanied the process of decision-making within the Negdels was the definition of membership, since in the first place Negdel members should receive Negdel assets. When in the middle of 1991 the 8th congress of NUMAC was held, several guidelines were elaborated. According to these guidelines, the initial, first members of the Negdels were those who had contributed their livestock to the organization 30 years ago.

The second group were those herders who, based on the number of years they had worked for the Negdel, in a rank order were entitled to receive animals. Herders and others claiming membership had to apply and register formally at the administration office for their confirmation of membership. State employees, who were excluded from distribution, carried out the registration process. This was a difficult task, since many of the initial members had left the Negdel for other Soums or had become state employees and now tried to register as members. Others had become herders or Negdel employees after working as a state employee for several years. Some were not even born in the area but moved there as state deputies. They had later become Negdel members, due to their change of occupation.

It was also decided at that congress that the pricing of animals should proceed in a manner that conformed to the conditions of the region. This meant that on the one hand, the number of livestock per person was to be taken into account, but on the other hand, the final price had to be between the recent market price and the face value of the animal.

- The Privatization Commission's evaluation of constraints and mistakes

In the beginning of 1993 the PC started an evaluation of the rural privatization process in order to control the outcomes and explore the constraints and mistakes. Members of the PC visited Soums in all five ecological zones and witnessed a wide variety of results. Before looking at the case of B.-Soum,

85. One source of their power potential was their party membership. While certain conditions had to be fulfilled to gain membership, people with higher education in general were uniformly offered party membership (see Rosenberg 1977:170f.). As outlined in chapter six, a clear connection between education, status and wealth does exist.

about which empirical data exists, some other cases should illustrate the factors contributing to the problems and constraints for the development of an adequate distribution of the Negdels' property[86].

As recorded by members of the PC, generally the influential persons of the former Negdels led the decision-making process at the members' meetings. The problems arising from the exclusion of state employees throw light on the whole event as a struggle for power by the one group (Negdel members) and a struggle to gain a basis for existence (those state employees who had lost their jobs) by the other.

In most cases it was the decision of the members' meeting to exclude all state employees from access to private livestock. In some Soums conflicts arose afterwards between those serving in state institutions and Negdel employees, who were either herders, workers or administration employees. Some state employees protested by refusing their service which became most critical in a case where a hospital doctor did not treat a patient - a construction worker who had had an accident. The doctor was one of those state employees who had been born in the Soum and his parents had contributed with their livestock to the Negdel when it was founded. Many other employees of the same hospital had already become jobless and without animals of their own they did not know how to survive. One major reason for the increased demand for livestock by all rural inhabitants is linked to the fact that in the current crisis of the undersupply of all foodstuffs and other commodities, the private household economy, based on animals of all species, is the only guarantee to survive winter. Taking this into account, in the above mentioned Soum the former decision was abolished in favor of giving the permission to all state employees to receive a maximum of 20 head of livestock. This should guarantee their subsistence production, while according to the number of livestock available and the number of inhabitants, herders were to receive about maximum 50 head of livestock[87].

Another "special case" - which even runs counter to the privatization law - was found in a Soum in the Gobi desert zone. There it had been decided that vouchers for the distribution of livestock would no longer be used, but instead all animals would be equally distributed to everyone in the Soum. regardless of their position. The reason was that the number of animals was so high in relation to inhabitants, that the vouchers of 10,000 TG would never have been sufficient to distribute all livestock, taking into account that in the Gobi zone

86. Interviews with Lhagvasuren and Ganjuur of State Privatization Commission, August 9th, 1993.
87. 50 head of livestock is not adequate according to estimations of the minimum number of animals necessary for an average family to survive on during a typical winter and for the satisfaction of nutritional needs, while the remaining herd grows (see Potkanski/Szynkiewicz 1993:70). Edström (1993:137) notes that some 59 % of herding households possess less than 50 animals, which is the main reason for their reluctance to sell.

the price of animals is especially high[88]. It was impossible to exclusively favor the Negdel members because only a relatively small number of animals could be distributed by the total sum of vouchers. Although many herdsmen were against the decision, because it would give state employees an advantage, this seemed to be the only way to prevent people from other Soums from receiving animals of this Soum and take them away. A major fear of all herders was that animals might be owned by people not skilled in herding and breeding and who as a result would damage the quality of former collective property. Although the state PC stated that the procedure of distribution without vouchers clearly ran counter to the guidelines, there was no way of cancelling the decision since all livestock was in private hands and many vouchers already invested into assets other than Negdels property.

As Shombodon et. al. (1993:4) indicate, many herders in the Gobi were sorry about the rapid dismantling of the Negdels in the course of privatization. As it turned out, the following company failed to provide adequate services. Allegations were made about the mismanagement in the allocation of important assets, especially in a case of allocation of Negdel buildings to the Soum administration, free of charge. In the end of 1992, the company members voted for its dissolution. However, it is interesting that it was a small number of wealthy herders with sufficient animals and labor to herd independently who had a disproportionate influence on the decision, while most poorer herders wished to continue some kind of cooperation[89].

- Conclusion

In conclusion of this discussion it can be stated that although both main interest groups, the SPC and the NUMAC, had to a large extent tried to maintain their powerful positions, both had to compromise. However, even if under the only state privatization law, the representatives of the collectives had much opportunity to maintain influential positions and gain power through the reallocation of resources, often beyond the official limits, as outlined above.

The interest groups which are the subject of this chapter were represented on the local level by distinguishable income groups within the former Negdels. in spite of the efforts of the socialist administration to keep differences as low as possible. As my fieldwork findings illustrate (see chapter five and six), equality principles were maintained only to a certain extent.

88. Animals in the Gobi zone are rare in general. Nevertheless, expensive fodder supply is to be imported from other zones. Both factors are reasons for the high prices of one head of livestock in that area.

89. Alternatively they formed voluntary Horshoo, which also proved to fail although this institution operates along customary lines on a neighborhood-level.

Nevertheless, the groups of Negdel members (administration and herders) and state employees were often members of the same family, who lived together in one Ger (or wooden house in the center)[90]. The main differences arose because of residential conditions - whether living in the countryside as herders or in the Soum-center - while being employed at the administration. Differences in wealth, however, did not lead to significant differences in lifestyle due to a shared, limited resource availability in an extremely harsh natural environment.

Positions were not inflexible, and could change from one group to another. Evidence for the initial formation of interest groups in the privatization process can be seen in the opportunities for social mobility through a profession during collective times, the fact that party cadres were represented in each group and particularly the personal and social connections and intertwinement of the rural inhabitants. This offered the opportunity to struggle and fight for advantages, which facilitated the formal organization of groups and the expression of their special interest. In this sense, they are comparable to what Evers/Schiel identified as 'Strategic Groups' (1988). These come into being in times of dissolution of former social structures and classes and aim at changing the conditions to their own advantage in the process of the reallocation of resources - whether these are material goods or power, knowledge, status or religious means.

Any further identification with the concept of Strategic Groups, however, cannot be maintained at present, particularly with regard to the development within the former Negdels. It is noted that Strategic Groups follow a long term-program for the maintenance or improvement of their own appropriation-opportunities, but - at least for rural Mongolia - it seems that these opportunities were only present in the short period of decision-making for the privatization process. Once resources had been reallocated people had to adjust to conditions they could not further change. This was especially true in the light of the overall crisis, which limited the scope of action for either groups or the individual. This means that the new situation demanded exactly the same economic activity from each individual, no matter what background he/she had in collective times. Rural towns became cut off from the rest of the country, national services and provisions, particularly in remote areas (where my research was conducted). The inhabitants became heavily dependent on their own ability to deal with the 'rolling back of the state'. As outlined in chapter five and six, all inhabitants of a Soum-center face the same struggle to maintain a basis for subsistence. The scope of action and alternatives for people from different backgrounds are few.

90. In this chapter I mention some special aspects of the Negdel organization, in order to illustrate the political process of decision-making on the national scale. The history and liberalization of the Negdel organization will be dealt with in detail in chapter three.

With the exception of some entrepreneurial efforts, alternatives to overcome the vacuum which has been left behind by the vanishing former system are severly limited.

Thus, not only economically but also politically, there seem to be little connection left between the government and the local communities. The widening gap between the two weakens the political system due to the fact that the groups which are represented in the parliament have only been of temporary importance at the local level. However, the latter are needed to back the political power of Strategic Groups on the national level.

The process described here comprises some details which will be dealt with more thoroughly in my case study. Prior to that, I will focus on other consequences of the tremendous political and economic changes which are of relevance for the Mongolian population as a whole. For example, the rapid privatization, together with other reform measures, forced constraints upon certain groups of the population. The following chapter illustrates the phenomenon of pauperization in the Mongolian case which can be observed as a result of structural adjustment measures in any former socialist country.

3. The social constraints of structural adjustment

The structural adjustment agreements between the IMF and the World Bank on the one hand and the Mongolian government[91] onthe other hand have forced rapid economic reforms. The steps, which include adjustment strategies and open the way to loans and credits, are commonly advised to every reforming former socialist country, no matter how unique and specific the country's conditions are. Coinciding with external factors like the collapse of the CMEA market, the adjustment process produces severe constraints for some parts of the population. There are no institutions present which could palliate the detriment to such groups, but stressing this aspect may blur a more crucial dimension of the problem of adjustment: The connection of social deterioration and adjustment should rather raise the general question as to whether or not the commonly advised measures for economic reform are the right solution to the challenges of transition[92]. Further, in the conclusions to this chapter I will call into question the terms "social costs" and "vulnerability".

91. These agreements were negotiated at the first Donor conference in autumn 1991 and later based on the "Program of Action" which the government had prepared for the Donor conference in October 1992 in Ulaan Baatar.

92. In Mongolia, as long as social safety nets are not reestablished and welfare programs are inefficient due to budgetary constraints, steps like privatization of houses and apartments should not contribute to the emergence of the homeless. Furthermore, as long as food supply in the urban centers is so scarce that even meat is unavailable, it has to be asked whether comprehensive livestock

A clear connection between "vulnerability"[93] of certain groups and structural adjustment is stressed by Harper (1992:2). Price liberalization and a sharp reduction of budgetary expenditure in a former comprehensive social support system are only some of the measures which are recommended by international agencies. Vulnerability, according to Harper, is determined (besides the notion of relative and absolute poverty as measured by income), by several factors, that might affect the individual or household with greater long-term significance than short-term income losses. These include access to services, the impact of non-income earning time (which is never equivalent to "free" time), the effect of adjustment on indigenous social support structures, deterioration of the environment and increased crime rates. This means that during adjustment, people, usually women, have to use part of their non-income earning time to make up for the loss in essential services, like queuing for food or finding ways of maintaining organization within the household. Time allocation of this sort often exposes individuals to tremendous pressure and stress. In addition, severe sacrifices are made to maintain a basic income. Unemployment, food scarcity and declining future perspectives create additional problems for many families especially in urban areas, such as crime, child neglect, poor health (due to deterioration in nutrition) and alcohol abuse.

Such consequences are seldom reflected in national accounts. Financial gains, which are intended by adjustment to increase the level of national income, bring about an unrecorded fall in the individual's living standard. In the transition process, welfare might be reduced even if income may remain the same. Cleary (1993:23) concludes that the net effect of economic adjustment is that human welfare is likely to improve far more slowly than national income, both during and following the economic reform process. In order to enhance prospects for success, poverty alleviation policies cannot focus on improving income levels alone, they must accord equal priority to meeting human welfare needs generally and those of affected groups in particular.

One result of adjustment in Mongolia, among other factors, has been that urban and rural areas have become divided and their supply channels have broken down. Consequently, the definition of poverty differs for each area. However, due to the difficulty of clearly identifying needs in rural areas, urban areas are given priority. The notion of the rural inhabitant as self-sufficient, capable of feeding, clothing and housing himself (often presented by Mongolian officials)

privatization (for a rapid change in property rights) eventually imposes too heavy costs on those people who do not own livestock.

93. The term "vulnerability" should be reconsidered, since it is ascribed to certain groups in such a way that being vulnerable appears to be an inevitable natural phenomenon. I argue that being vulnerable is not a characteristic feature of women, children and pensioners. It is rather the background and hierarchical structures which expose certain groups to especially harsh conditions (so they need protection) that should be considered.

is misleading. Herders do suffer from the decline in services like insurances, education, health provisions, communication facilities, transport and the diminished availability of foodstuffs which made up the earlier more broadly based diet. Urban food supply is of major concern, but there are poor rural areas of Mongolia and impoverished people in the provinces, whose needs are equal to, or even more critical than in the cities, because of the significant risk they take. The rural population has been used to a relatively high level of service. Now basic goods such as adequate clothing, double felts for Gers and a broad-based diet, are not available any more.

There is the danger that concentration on the needs of the urban population will lead to an irretrievable deterioration of essential rural services and have a long-term impact on the health of the rural or remote population. Since chapter five and six of this study will exclusively deal with the situation of rural inhabitants of Mongolia, the following will address the problems for the Mongolian population in general.

- Poverty lines and government action[94]

Though some of Mongolia's more aggressive entrepreneurs were able to make small fortunes, the majority of the population unavoidably suffered a decline in living standards, and some groups were pushed to the margin of existence. Several factors[95] indicate that they are now living below the poverty threshold. The scale of such groups as determined by the government depends on how poverty and poverty lines are defined. This task is fairly complicated and approached in different ways according to the ranking of several indicators and proceedings. The poverty line had been defined in June 1993, according to the devaluation of the exchange rate, as 1,580 TG for the urban population and 1,040 TG for the rural[96]. In March 1994 it was, considering other indicators and the inflation rate, recorded as 3,200 TG (urban) and 2,900 (rural)[97]. Whatever the underlying indicators for different poverty concepts are, the officially announced percentage of people estimated to live under the poverty line lies almost always between 24 % and 26 %. Thus one fourth of the population is

94. Several international agencies and donor organizations cooperate with the Mongolian government in the social sector. Among those are ADB (Asian Development Bank). ILO (International Labour Office), UNFPA (UN Family and Population Agency), ADB (Asian Development Bank). WHO (World Health Organisation), DANIDA (Danish Government), PALD (Policy Alternatives for Livestock Development). UNESCO. UNDP etc.

95. Including: the difference between price increases and the increases in wages and social transfers, the development of unemployment, the general degradation of availability of health care and the disappearance of social services.

96. See UNDP Mongolia 1993:35.

97. See The Mongol Messenger No. 13 (143), March 29, 1994.

defined as living in poverty. Among these, it is considered that 9 % have no source of revenue and that half of them have 50 % of the required minimum[98]

Concerning the importance of salary in determining the living standard of a family, one survey (see Harper 1992:15) suggested that in urban households 70 % of the income and in rural areas 37 % of the income came from salaries. Private business activities gained importance, resulting in increased numbers of children and pensioners working. Therefore, according to Harper (1992:3) it has to be acknowledged that those strategies which concentrate solely on raising income may neglect the fact that it may not be a lack of income alone but that some households cannot respond to incentives. The latter ability depends on: the available labor power within a household, the number of children, whether the household is female headed, the health status of individuals within the household, its access to markets and alternative income sources and the general dependency of a household on a broader social system due to its financial constraints. Thus, according to the number of dependents (household members), the amount of salary (between 1,000 and 10,000 TG end of 1992), the ability to respond to job opportunities and the monthly expenditure facilities differ drastically among households[99].

Social welfare services were taken into responsibility by the Ministry of Population and Labor in 1990. In order to diminish the further erosion of social security, a department for the assessment of vulnerable groups had been founded. In 1992, the "Social Assistance Fund" was created to support families identified as belonging to the most 'vulnerable' groups, namely the unemployed, pensioneers, single parents, disabled, orphans, street children and households with many children. According to the severe budget constraints of the government, the 120 million TG scheduled for 1993, were only sufficient to support about 10,000 out of 500,000 or more people living below the poverty line, indicating the widening gap between needs and required resources.

As a World Bank report (1993b: 15) notes, it is a difficult task to elaborate means to test and target official social assistance to the truly needy in a society which previously guaranteed a job-based income to everyone except the severely disabled. It turned out that the field staff of the 'Social Assistance Fund' had problems in openly identifying groups in need, due to a lack of systematic skills and previous experience. Further, they expressed frustration

98. See UNDP Mongolia 1993.

99. The widening gap between prices and income increases was demonstrated in October 1992, when prices of rationed consumer goods and public services in Ulaan Baatar increased by 536 % in some grades for flour, 380 % for bread and 72 % for mutton. Electricity went up by 186 % and bus transport by 200 %, while salary and pension increases were minimal, see State Statistical office 1992. It is notable that these deteriorations did not cause open rebellion.

over the minimum amounts they were able to provide applicants, described as even insufficient to provide the minimum nutrition given rising food prices[100].

Besides identification carried out by the Social Assistance Fund's staff on the national level[101], local governments became active in their own assessment. Here, this process was not less difficult than on the national scale. Cleary (1993:17) describes one example of how people in need were identified in Ulaan Baatar.

> "As elsewhere in the country, identification of those in poverty is based upon personal knowledge. Poor or homeless persons request assistance from horoo (district) chairpersons or an NGO; this is forwarded to the municipal government. The municipal authorities verify the total income of potential beneficiaries through personal visits to families who are identified as deserving recipients by social care workers. The horoo chairperson has a list of all horoo residents. The list of recipients of assistance is updated or revised on a monthly basis. (...) Three levels of assistance are provided: ..."

The World Bank report indicates that the Social Assistance Fund consumes fewer bureaucratic resources and involves less interference with market processes than rationing essential commodities, notably foodstuffs. It was thus superior to rationing as an approach to protection of families. This notion is in line with the general IMF and World Bank advices. Protection of vulnerable groups by means of continuous price controls were criticized as hindering the development of the private sector and delaying free price development. But it cannot be denied that with the total liberalization of prices and the abolishment of the ration card system in August 1993, the number of people with severe problems to acquire sufficient food had risen dramatically.

- Gender and adjustment

Generally, in the language of adjustment which lacks gender specification[102], the notion of women as producers of goods and services and as reproducers and maintainers of human resources is non-existent. This is especially striking as

100. As outlined in chapter four "Poverty lines and alleviation initiative", on the local level the various indicators of poverty and their voluntary composition by administration employees caused a fairly chaotic situation.

101. With the help of the Statistical department and sample household income surveys the following indicators were included in the sum of total income of households in need: cash income plus assessed products used for personal needs from private business, basic and additional salary of employed household members, permanent pensions, benefits and allowances, income from private business. The total income is then divided by family members (see Harper 1992:13).

102. See Harper 1992:5.

women are forced to contribute enormous labor in the informal welfare sector. In Mongolia like elsewhere, the overall decline in the social security system is made up to a large extent by the unpaid labor of women. This fact is seldom acknowledged since women are in general regarded as flexible concerning time and work force and able to compensate for any shortfalls. Therefore, similar to any employment policies, in Mongolia the government is seeking to reduce the number of women employed, after a long tradition of equitable labor policy under socialism. As Harper (1992:5) records, one way of removing women from the labor force is early retirement. But pensions are so low that women in general have to find additional, often time-consuming sources of income. This means a future status of insecurity and a general discrimination against women's working right.

Large families were encouraged and women rewarded for having four or more children. Whereas this policy was supported by child benefits under the previous system, the government cannot continue to do so at present. In addition, the introduction of cost recovery in kindergartens and the subsequent closure of many of them as a result of parents being unable to afford the new charges, challenged especially women to make up for the lacking childcare. Further, what has to be taken into account is the deteriorating situation within the families. With a high divorce rate, a large number of women have been exposed to a critical situation. It is estimated that 9.3 % of the households in Mongolia are female-headed (1993). This situation demands from many women to manage child care, income maintenance and reproduction tasks simultaneously.

To conclude, women's spread of labor between production, domestic and reproduction activities may increase, either towards domestic labor (as state services and the support of cooperatives are withdrawn) or may mean increased productive labor demands, leading to the neglect of domestic activities which has implications for the household's welfare. In addition, consequences of the decline in welfare services hit especially women themselves and exposed them to life-threatening conditions, This is, e.g., illustrated in the maternal mortality rate, which increased significantly since the close-down of maternity homes in rural areas.

- Health and nutrition

On an average, in 1993 60 % of the available income was spent on food while the average calorie intake was 60-70 % of the required necessary minimum level of 2,900 Kcal[103]. Poorer households spent comparatively less on all foods

103. See Cleary 1993:36.

and their diets were considerably restricted. Many households depended on support from rural relatives for supplementary food. When people still received rationed food, many of them had to sell some of it on the free market (especially the vodka) to buy more basic foods for the money they got in return. It is important to stress that even those people who still received a salary were unable to meet their nutrition needs.

According to government figures, overall supply of wheat in 1990 as a percentage of 1985 was 76.3 % in urban areas and 89.4 % in rural areas. It is estimated that the situation had worsened considerably since 1990 and urban areas were suffering severe shortages of food available for the bulk of the population. This latter point hints to the fact that although the supply of commodities in shops had increased tremendously with the development of informal trade between China and the former USSR, most people remained unable to pay for them.

Especially after the gradual price liberalization had led to the total abolishment of the ration card system in August 1993, prices increased drastically and the income per capita dropped severely. The ration cards, introduced in 1991, allowed for the purchase of bread, flour, lamb, beef, rice, sugar, butter, nut oil and vodka. While rationing ensured some supplies, many items were unavailable. Anyway, many households could not afford even to buy the goods on their ration cards. Moreover, the amount of calories supplied by them dropped from 1,030 in December 1991 to 690 in December 1992[104]. According to a nutrition survey in July 1992, conducted by Mongolias Nutrition Research Center with UNICEF support, some 12 % of children aged 0-4 were found to be two standard deviations below the WHO standard weight for age, on par with Thailand. A 1992 study by two Ulaan Baatar hospitals of one low income district in the city and two low income provinces, found 86 % of the new-born babies underweight and weak due to maternal malnourishment[105]. Indications are registered that the malnutrition is increasing which was practically absent in Mongolia during the 80's.

As for health conditions[106], the UNDP (1993:33) reports various elements which suggest that the health situation in Mongolia has deteriorated significantly since the beginning of the decade. The infant mortality rate (IMR), which in 1989 was around 60 per thousand (1991: estimated at 72 per thousand)

104. See Cleary 1993:33.

105. See The World Bank/UNDP Mongolia report 1993b: 12.

106. In rural areas, the primary health care provided by state employees declined dramatically. The lack of transportation and the closure of maternal rest homes badly affect maternal and child mortality. 10 % of all maternal deaths are due to abortion, which often replaces contraception. Shortages of drugs, power cuts and lack of equipment are significant. During the summer of 1992 138 Soums were without power, nearly all Soums are vulnerable to loosing their power supply in winter. 200 out of 300 Soums no longer have medical transport (see UNDP Mongolia 1993).

is suggested to have reached 90 per thousand in mid 1993 (see Cleary 1993:36). The maternal mortality rate (MMR), which was around 14 per 10,000 live births between 1985 and '89 (and increased to 21 during the period from Jan. to May 1992), continued to rise in the first six months of 1993 to 34 per 10,000 (ibid)[107].

One main cause of these high rates was the fact that the number of beds in rest homes has been cut by half and home births amounted to 40 % of births (measured in Arhangai Aimag, see Cleary 1993:36). The rest homes were mainly run by now defunct collectives. With their privatization, the governmnent took responsibility for such institutions, but failed to meet the demands due to severe budget constraints[108]. Up to 1989, almost all mothers stayed for two weeks in such homes before delivery. The breakdown of transport facilities is especially threatening in cases of emergency, when immediate care is crucial to the life of pregnant women. The general decline in the quality of health care contributes to the MMR. In relation to Mongolia's level of development, infant and maternal mortality rates are higher than in the majority of countries in the Southeast-Asian region. These indicators are highest in rural areas where services are poorer and much more difficult to access[109].

- School drop-out

As illustrated in chapter six, there has been a significant deterioration in school attendance in the countryside over the past few years. On the national level, the development of absenteeism has increased from around 3 % at the end of the 1980s, to approximately 20 % in December 1992 for the primary school grades 1 to 6. According to a background paper of the UNDP (1993:31), local surveys even indicate a worse situation. E.g. out of a number of more than 360 very poor families with 700 children, identified in 3100 households in 2 subdistricts of Ulaan Baatar, approximately 40 % of the children did not attend school.

107. Positive incentives as well as tough legislation concerning abortion brought about high numbers of children. Especially after its legalization in 1989, abortion became misused as a major form of contraception despite the lack of adequate hospital facilities and drugs. Total births declined by 10 % in each of 1991 and '92, putting the 1992 level almost 20 % below 1990's. Weakened physical conditions resulting from lack of adequate nutrition contribute to the dangers of such operations. Accordingly, the Ministry of Health now promotes family planning with the help of UNFPA.

108. As described in chapter six, the government was even unable to pay salaries to state employees and pensions in the rural areas in the first quarter of 1993.

109. Concerning health insurance, in January 1993 the government submitted legislation to the Parliament providing for a compulsory scheme to cover all employees, or about 30 % of the population. The scheme is conceived as the first stage in a comprehensive insurance program whose premia will eventually cover most health care costs. Workers and employers would share in paying a monthly levy of 4.6 % on wages and salaries. For the time being the government would cover pensioners and dependents, maternity, immunization and other preventive care measures.

It is expected for the next years that the costs of education for the individual household will increase, as the children's income-generating activities in livestock herding are needed. The notion of parents that the standard of education is deteriorating and inadequate for the management of a pastoral economy, contributes to the neglect of school attendance. 80 % of the children not enrolled were registered as children from herders' families.

Schooling becomes an expensive task, considering adequate clothing, learning materials and the contribution to the food supply that parents are asked for[110]. The government's expenditure on books and teaching equipment became insufficient. In addition, teachers tend to leave their profession for job opportunities e.g. in the private sector (over 1,000 by mid 1993). As a reaction, in 1993 the government decided to devote 22 % of total public expenditure to education against 16 % in 1988-89[111].

It has to be kept in mind, that one of the very unique features of the Mongolian society was the combination of a high level and comprehensive education program (97 % literacy) and the nomadic lifestyle. In the present situation, this specific feature gets lost. One factor that is expected to contribute to a rise in illiteracy is the revitalization of the old Mongolian Uighur script. While teaching is included in the curriculum already since the beginning of 1993, there are at present insufficient training and teaching facilities outside of schools. The script was planned to be introduced in 1994 as the only officially accepted script. This brought about a controverse discussion between those stressing national features such as history and culture and those reminding of priorities to concentrate on, considering the real demanding situation of the country[112]. However, at least for a certain transition period, the adjustment to a new script will produce a significant rate of illiteracy among the elder generations[113].

110. In the face of rising costs of heating, electricity and transport, the Ministry of Science and Education (MoSE) closed about 12 % of the public schools during the winter of 1992/93 and released over 4,000 non instructional staff. In 1993 the MoSE started requiring rural families to share approximately equally in the cost of food served in boarding schools, while the same formula holds system-wide for food served in kindergartens. An Education Law adopted in 1991 provides for tertiary level students to contribute to the cost of their education, while keeping primary and secondary education universal and free. The law also permits the establishment of private educational institutions.

111. See UNDP Mongolia 1993:31. During those years, the education budget represented only 1.5 times the defense budget against 3 times that budget in 1992 on the basis of actual spending.

112. See also chapter two "Political changes and nationialism".

113. An additional problem of adjustment results from the structure of the ancient Mongolian script itself: The thirteen letters do not fit to the spoken Mongolian which was served by the Cyrillic alphabet fairly well.

- Unemployment

Although the socialist government had claimed that unemployment had been eliminated under the previous system, the State Statistical Office's 1991 abstract notes 21,400 registered unemployed, or 3.5 % of the work force, in 1987. This figure had at the end of 1991 more than doubled, namely to 7.7 %. Since the beginning of the transition process, open unemployment emerged for the first time in Mongolia. At the end of 1992 the unemployment rate was estimated at around 16 %[114]. However, the issue is confused by persons who are registered as unemployed but earn income from private activities, some at levels above their previous wages or salaries. The actual number of persons without earned incomes is therefore subject to great uncertainty. Enterprises and agencies releasing staff are required by law to make a five month's severance pay, the first three months at regular salary and the next two months at the minimum wage.

Currently there is still no centrally funded unemployment compensation. This leaves without any support some 20-25,000 annual new entrants to the labor force for whom jobs are not available[115]. Options are being considered for a permanent system of unemployment compensation.

- Alcoholism and crime

Most of the recorded people who are classified as drinking excessively are adults whose alcoholism severly affects their families. Of those children living in Ulaan Baatar's only street children centre, 11 % had left home because of problems arising from alcoholism and abuse of a parent or stepparent[116]. Large numbers of young men, especially the unemployed, are drinking heavily and the crime rate increased dramatically. The streets of urban centers are highly unsafe for women at night, a situation which developed mainly after the changes. The fact that alcoholism often results in aggressive behavior is confirmed by numbers of drink-related crimes[117]. Among other factors like financial

114. The Ministry of Population Policy and Labor recorded 110,000 at the end of 1992.

115. See The World Bank/UNDP Mongolia report 1993b:13.

116. Harper (1992:20) notes that increases in the number of street children are related to abuse. 80 % of those living in the street children center have a stepfather and 50 % of them are abused. Due to increased pressure on parents many children are neglected leading to a rise in accidents, illnesses and poorer nutrition.

117. According to the "Mongol Messenger" (No. 21 (151), May 24, 1994), in Ulaan Baatar, in 1993 compared to 1992, murder by people in drunk conditions increased by 90.5 %, rape increased by 16.5 %, robbery by 75 % and road accicents by 41.4 %. In 1993. 50 % more drunken people were sobered up by the police than in 1990. The article says that the habit of drinking in excess has started in 1966 when Ulaan Baatar was hit by a flood which claimed many human lives. Up to then, strict rules were connected with the use of alcoholic drinks. In the course of the flood, Russian vodka was sold in shops in large amounts to "mourn" the tragedy. At that time, it became common to follow the

problems, unemployment, relatively flexible family systems, alcoholism contributes to an increased divorce rate. 60 % of children living in single-parent households have divorced parents (Harper 1992:21).

Crime rates compared for the first months of each year show that the total number more than doubled, namely from 2,243 in 1990 to 5,965 in 1993. According to the Mongol Messenger, the city police authorities of Ulaan Baatar stated that the number of youngsters guilty of committing crimes increased by almost 46 % in 1993, compared to 1992[118]. The situation described hints to a social environment which may become delicate. Therefore, on the Meeting of Donors in Tokyo 1993, it was suggested to the Mongolian government to apply for the status of a Least Developed Country (LLDC), since this would ensure assistance to alleviate the social constraints and costs without infringing upon the coherence and the logic of the transition process, resp. without defering the necessary adjustment[119]. This underlines the unquestioned preference of economic efficiency which make planners neglect alternative perspectives for the transition process.

- Conclusion

In the 1980s, voices were raised to demand a better international redistribution, ("adjustment with a human face", "equitable growth") and the international agencies started modifying their strategies. The result of their efforts was the explicit account of the "social dimension of adjustment" in SDA-programs, "by associating with the rebalancing policy specific measures designed to protect the poorest categories of the population"[120]. However, it was considered desirable to integrate objectives of equity in parallel with those of economic efficiency. Therefore, according to Lafay/Lecaillon (1993:16), the innovations "took care to remain on the normative level", since the aim was still to define technically optimal policies. In the following, substantial gaps between the "optimal policies" defined and their implementation appeared, regarding the redistributive aspect. Lafay and Lecaillon, who evaluate the "Political dimension of economic adjustment", see one reason for such failure in the fact that economists, confronted with innovative trends in their discipline, are

communist policy of introducing the use of alcohol at any social or labor-related celebration. Further, vodka gained importance as an adequate gift for many occasions. But up to 1990, although excessively used, alcohol use was never officially recorded as threatening social order as it does since social and economic problems increased.

118. See The Mongol Messenger No. 46 (124), Nov. 16, 1993.

119. See UNDP Mongolia 1993:36.

120. See Lafay/Lecaillon 1993:16, citing Pfefferman, 1987. According to Lafay/Lecaillon (1993:16) violent reactions in the course of some African and Latin American adjustment programs led to the acknowledgment of those population categories that were either already vulnerable at the start or the hardest hit.

generally little inclined to take an interest in anything other than the technical level, because they consider the domain to be outside their competence. Furthermore, the authors claim that governments generally refuse on principle to discuss seriously the political aspect, since they consider this type of problem strictly a matter of their own sovereignity and competence[121].

In my opinion, the fact that impoverished groups of the population gained the status of an integral part of structural adjustment programs, indicates that impoverishment is planned and accepted as an unavoidable effect of transition. Ascribing "vulnerability" to these groups stigmatizes them as being weak and unable to help themselves. Inability is thus naturalized as an inherent feature of only special parts of the population. With the institutionalization of support measures for them (in case they are effective at all), doubts and demands for changing priorities of the economic reform process (or even of hierarchical power structures which manifest during reform) are only blurred instead of openly acknowledged. This is, of course, common to any institutionalized welfare strategies.

But there is another aspect of "transition" which is successfully blurred by its designation, concerning the future social situation of people who are identified as vulnerable in the course of economic reform: usually referred to as "social costs of transition", this designation should be reconsidered. To my view this line can be interpreted either in the sense that some people pay harder than others for what they will gain after transformation, or that some people or groups have to pay for the future well-being of others, like it is also suggested for other transformation processes[122]. Both notions should be discussed, since it is questionable whether the reward that usually follows the payment of costs (which are paid voluntarily for something the actor will gain) will ever reach those people that are pushed to the margin of society already during reform. It is important to note that such support will not be limited to the time of change from one system to the other. Regarding social developments of any 'free market economy', it can be assumed that such groups will remain on the margin of society. Therefore, instead of talking about social costs of transition, the term "the social constraints of structural adjustment" is eventually getting to the bottom of the matter more precisely.

121. Even if the state defines its role to provide a welfare system as a palliative to soften and cover up the otherwise openly visible detriment, the logics of the free market and capitalism and the theory of property rights include the notion of winners and losers of the new system, see Cleary 1993:23.

122. E.g., some 'permanent migration' theories include the notion of one generation, namely the one migrating, that will inevitably suffer and pay the 'costs of transition' in order to prepare the ground for the next generation.

Chapter Three

HISTORY OF STATE COLLECTIVES (NEGDELS)

1. Introduction

In the following, I will direct the perspective away from general aspects of the Mongolian development, which are valid for all inhabitants, to the situation of the rural people. The main focus will be the strategies which are significant for the present forms of reallocation of resources and of social integration. Since I assume that these forms lean on experiences of former (pre-revolutionary or collective) integration patterns, an introduction into the historical dimensions of social and economic organization seems necessary. This should help to understand the political struggle which emerged in the course of the privatization process and should provide the background information for the case study of a former collective in the high mountain zone of Huvsgul Province.

2. The pre-revolutionary times[123]

- Family and kin group

For many centuries, members of patrilineal descent groups lived together in customary, neighborhood groups also referred to as Bag. The rotational use of pastures by individual herding families and Khot Ail was informally coordinated within the Bag and for the larger group of the Aimag consolidated and written down in the Great Yassa or law code in 1229[124]. The immediate 'family territory' was and is referred to as 'Nutag'[125]. Throughout history, Mongolian herders lived in nuclear families with joint relatives of ascending generations or with collaterals. A herding household can be defined as a conjugal family of a couple with children, frequently including elderly relatives

123. In this chapter, I will mention only those aspects which seem to be significant for the newly emerging forms of social and economic integration.

124. See Mearns 1993:17.
According to Hesse (1982:39ff.) the traditional legal subjects of Mongolian law who were both in possession of rights and duties were the clan (Oboq) and the settlement or neighborhood (Ail). The Ail was typically made up of four or five generations of the same clan. During the 17th century, a collection of unrelated Ails was called Aimag. while the term today refers to a province, see Veit 1986:166.

125. This term, as illustrated in the following, is gaining importance in the course of reallocation of pasture land and usage, namely when people move back to their 'Tursun nutag', the place their family belonged to before collectivization.

who are unable to live independently[126]. Marriage patterns in Mongolia have always been defined by rules of exogamy. Genealogically as well as territorially, women must origin from outside of the group. The flexibility of marriage and parenthood responsibilities is suited to the physical movement necessary in a herding economy. Partnerships are easily formed and disbanded and children are cared for by either parents and grandparents[127].

Concerning inheritance, Potkanski/Szynkiewicz (1993:24) stress the meaning of hearth continuity as an important concept for the Mongol family. Besides its sacral meaning, it has also an economic function. It is usually the youngest son who is supposed to stay with his parents. After their death he inherits the Ger, their herd and other assets. Thus, his share is usually bigger than that of his brothers. In a patrilineal society like the Mongol one, it is normal that boys become heirs, but they are not necessarily patrilineal descendants. It quite often happens that parents adopt, rather informally, the natural children of their daughters when the latter get married. Such grandchildren enjoy full rights of children and become heirs, which usually does not involve conflicts. The amount of a daughter's heritage is defined by her dowry, which today tends to be of equal value like the son's share, usually consisting of all species of animals present in the family's herd. A widespread practice for the maintenance of sufficient labor force within the household is the adoption of children of relatives or non-kin, whether formal or informal[128]. These children are usually regarded as equal concerning inheritance.

Inheritance rules today are less strict and research findings indicate that there is at present no clearly identifiable concept for inheritance. Children are usually made responsible for some animals of the private herd that they may refer to as their possession. But this is more an educational strategy to impose

126. One underlying customary principle which has been maintained until today is that terminologically all family members are of unequal rank. It is common to call an elder person with a kinship term like "egj" for an elder woman, meaning elder sister or "akh" for elder men. Elders are referred to as the ultimate decision-makers within cooperating groups or within the family. Thus, a crucial role in decision-making in the process of resource allocation falls to the eldest who is referred to as being wise and experienced, see chapter five "Decision-making for residential changes and pasture usage".

127. Concerning the demographic structure, Humphrey (1978:137) notes that the lack of modern medicine meant that the death rate was high. For children under 1 year it approached even 50 %. Also, the death rate in childbirth was very high (13 %).There was a general shortage of females. In 1918, they represented only 44.4 % of the population. In spite of this, there was a surplus of women of marriageable age, due to the high number of celibate lamas. Thus, even if the nuclear family was the desired social form to which young Mongols aspired, it was not as common as one might expect.

128. The main reason for adoption is culturally based. There is a need to satisfy the household's labor requirements, take care of elderly parents, and guarantee hearth continuity. Sometimes, if due to health reasons or simply the harsh conditions of life, pastoral families find this cultural ideal difficult to fulfill, they adopt children. One other reason for adoption is the common belief that if a new couple remains childless for a long time, the first child has to be adopted to open the way for the couple's own procreation. This is connected to the belief that giving the first child away prevents the influence of evil forces on further progeny, see Potkanski/Szynkiewicz 1993:75.

responsibility on children rather than a form of inheritance or property distribution. Nevertheless, children usually tend to inherit, as soon as they marry, those animals they had cared for most and the latters' offspring.

The customary pattern of mutual assistance in the pastoral economy determines a particular type of organization. Families united almost always for the reason of economic performance. Customarily, family alliances were composed of relatives by descent, usually patrilineal. As Potkanski/Szynkiewicz (1993:23) note, with time the descent groups disintegrated[129]. This process began in central Mongolia and in the 19th century, nearly no traces of them were left there. Although nomadizing groups were still composed of related families who often controlled a combined herd, this was no longer a corporate asset and could become easily divided. This means, that nomadizing clusters were not necessarily composed of relatives but in most cases were necessary for pastoral management. Such clusters, commonly called Khot Ails, regained their economic function after decollectivization.

- The tenant system and grazing arrangements

In the Mongol Empire (13th century), the hierarchical system of administrative units of ten, one-hundred and one-thousand was enlarged to include units of ten thousand households, which had both administrative and military authority. Above these larger units were set the topmost nobility, the Altan Urugh (golden descendants, with blood relationship to Cinggis Khan). Then, grazing domains were divided among the new units presided over by the lords. These fieflike areas were later called Nutag, or grazing areas. Under Ogödei, Cinggis Khan's son, determined grazing pastures were set in order to end struggles over disputed migration circuits and to resolve intertribal wars over conflicting claims to pastureland. For the first time in the Mongolian history a chief, his followers and their herds were placed in direct relationship to a particular area of land (see Jagchid/Hyer 1979:267ff.).

The system was flexible, e.g. in case a certain vassal and his followers' service was needed in some other area of the empire, they would migrate there. According to Jagchid/Hyer (1979:268f.), during the era of clan-lineages which were the key social units, as well as during the following quasi-feudalistic period, the Mongolian nobility customarily had personal holdings, in the Secret history of the Mongols referred to as Omchu, "including both people and property. In origin, Omchu holdings were usually hereditarily received from forefathers or gained by capture in warfare or received as gifts from a superior.

129. The shortening of Mongolian kinship terminology over the last two centuries or so reflects this shift, see Mearns 1993:9.

Omchu moved with a lord wherever he went". This indicates that the category land as the central element of feudalism had a fairly different meaning in ancient Mongolia.

During the "feudal" period (1680s-1911), nomadic herders were serfs bound to geographical fiefs (Somon) in which they were born and which they could not leave. The Somon came under banners which were within four provinces (Aimag). The whole structure was ruled by the Manchu emporer of China. The Somon were controlled by aristocrats or Buddhist monasteries under high lamas[130].

Concerning social organization, Jagchid/Hyer (1979:277ff.) note that, until the Communist takeover in 1921, it can be characterized by the distinction of social classes, consisting of the nobility, the common people, different types of vassals and slaves. All these were part of a quasi-feudal system[131], which arose in the early seventeenth century after the introduction of Lamaist Buddhism and continued through the Ch'ing (Manchu) period (1644-1911). Its two main pillars were seen in the Mongol princes and high lamas who together controlled the monasteries and the grazing areas belonging to them. This structure brought about an unequal division of resources and privileges. Mongol officials operated only at lower levels. In 1918, according to Humphrey (1978:134), the official division of the male population were aristocrats and officials (about 5.7 %), subjects of the state (about 26.3 %), serfs of aristocrats and lamas (16.5 %) and Buddhist lamas (44.6 %). The social positions as an aristocrat or a serf were inherited, as were most political offices. Thus, society was strictly hierarchical with large numbers of lamas[132]. The aristocrat herdlords assigned

130. Humphrey (1978:156,157) stresses the aspect that the early Soum-centers were based on monasteries. The monastery buildings were transformed into administrative offices of the Negdels. The author assumes that this was less a deliberate policy of the socialist rulers than the combination of convenient geographical and economic reasons, like the availability of water, distance of pastures, presence of roads and the existence of the buildings.

131. According to Jagchid/Hyer (1979:267) the term 'quasi-feudalism' stresses the difference between feudalist structures based on classical European experience and the Asian development. The basic feature of the Asian type was not the relationship between man and land like in agrarian societies, but, as was the case in Mongolia, between lord and vassal, the grazing fields of the latter being a secondary consideration. Hesse too states that the Mongolian feudal system differed from European perceptions of feudalism in that land was not part of the feudal fief in the sense of property (1982:167). Natsagdorj (1967:267) does not agree that anything else than land rights were the decisive economic basis for Mongol feudalism: "The economic power of the feudal class consisted not only in the ownership of vast numbers of livestock, but also in the fact that they enjoyed a monopoly in the ownership of land rights, which provided the fundamental and unique condition for the viability of nomadic pastoralism."

132. To Humphrey (1978:135), the fact that large numbers of 'unproductive' lamas were living in monasteries, (one third of the male workforce) and the existence of an aristocracy which was used to expensive luxuries from China, show that the Mongol herding economy must have been relatively efficient. Szynkiewicz (1989:33,34) notes against the general opinion that lamas were an unproductive element of society, that they provided manyfold services for the population. Besides

families to duties, who could work together spontaneously according to the grazing needs of the herds, while their movement was restricted to Somons. There was little change in this organization through the period of Mongol autonomy (1911-21) until the disastrous attempt at forced collectivization between 1928-32 (see next chapter).

In order to link the Mongolian nobility with themselves, the Manchu rulers divided the Mongol leaders by creating more ranks and titles and by dividing the old Aimag into many smaller subdivisions. The actual power of petty princes and nobles was reduced, the Mongol nobles fought among each other for feudal domains and for power (see Rosenberg 1977:4, Jagchid/Hyer 1979: 274). The main aim of such strategies was to "divide and rule", in order to prevent the unification of the Mongols for opposition, or, as Lattimore (1955:15) puts it:

> "The relationship of Mongol prince to Manchu emperor was feudal, and as is typical of a feudal system, various devices were used to keep the feudal princes territorially divided and to weaken any sense of unity among the Mongols as a people".

This happened as follows: Between the 17th and 19th centuries, under the imperialist rule by the Manchu Chinese, Mongolia was divided into political-administrative fiefs (Khoshun). While there existed four Aimags, within the Aimags there were about 100 Khoshun introduced between the 1640s and 1750s. They persisted as territorial units until the 1930s. The Manchu dynasty ruled each Khoshun through the control of the Noyon (hereditary overlord, see Mearns 1993:17). The latter were allocating and distributing land within the Khoshun, where specific areas were designated for grazing, agriculture, military frontier guards, horse relay stations, lamaist monasteries, the use of mineral deposits etc. Some areas were reserved for the Novon's own herds, which others were forbidden to enter.

religious tasks, they carried out medical treatment, scientific studies with regard to the continuation of historic and literary script development, art. architecture and they maintained a number of libraries.

FIGURE II Administrative regions of Mongolia circa 1925

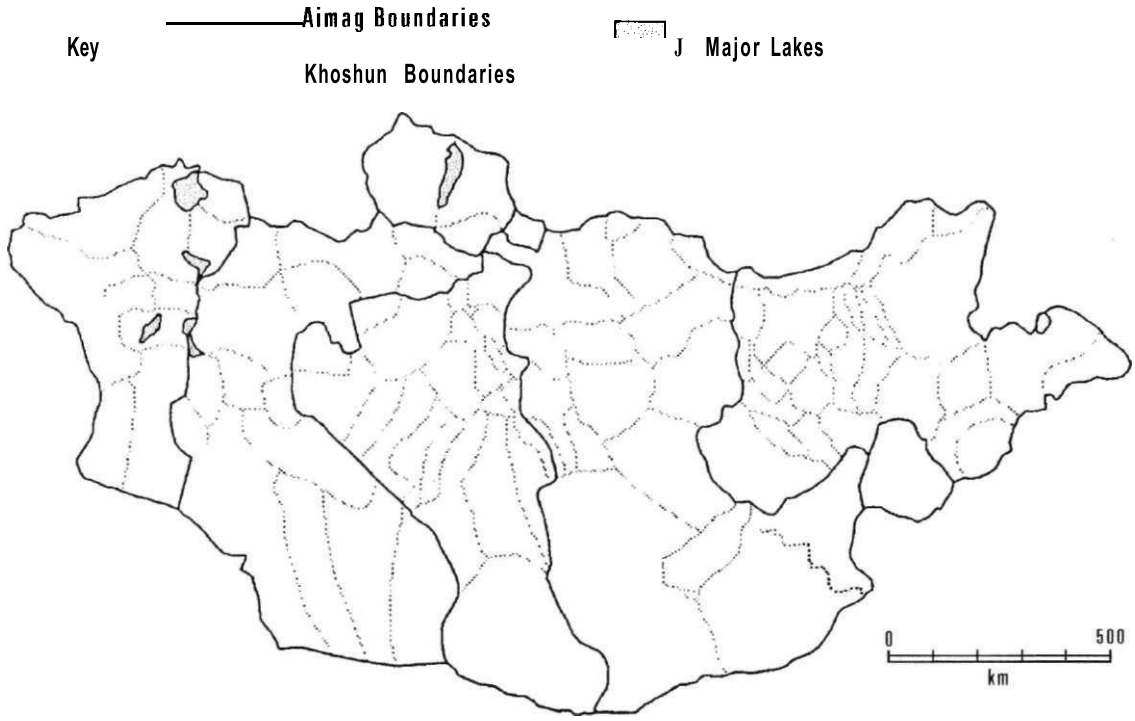
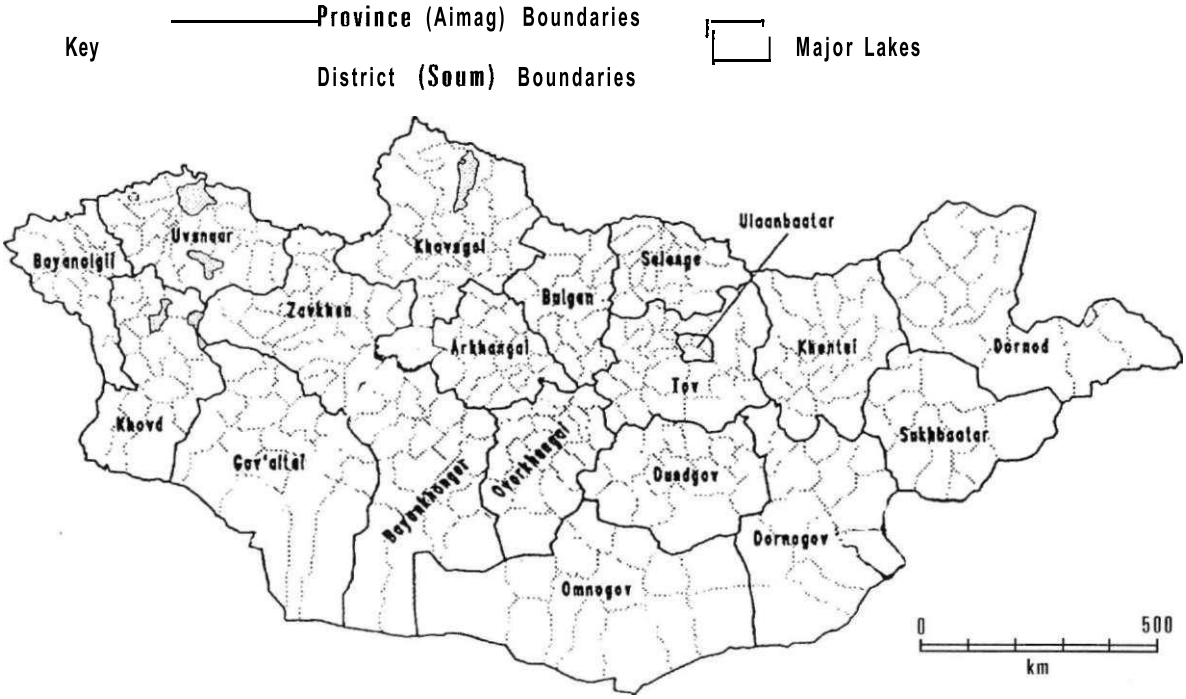


FIGURE III Contemporary administrative regions of Mongolia



Source: Mearns 1993:19

Lamaism, spread from Tibet to Mongolia (since the 16th century), led to the establishment of the clergy besides the aristocracy. Herders constituted the largest group of the population which can be divided into three groups: the Albatan, who were obliged to pay taxes, the Khamjilga (serfs) and the Shabinar (clerical students). Nearly 8 % of the population belonged to the clergy, which possessed half of the livestock population. The herders made up 92 % of the population possessing the other half of the animals. Because of the celibacy of the lamas, the population increase was going down, which is, according to Thiele, clearly demonstrable for the 19th century[133]. The highest ranking lamas (Khutukht) enjoyed equal rights with the Noyon and also owned the land within the jurisdiction of their temple territories. In this feudal theocratic hierarchy, most social positions were ascribed to by birth. Although high ranking nobles or lamas could be granted individual use rights over certain areas of land, even these feudal lords, Mongol or Chinese, faced restrictions under the Manchu imperial law.

The Khamjilga and Shabinar. who looked after the herds, had user rights for particular areas of pasture. The remaining, undesignated areas of the Khoshun were used by common herders (Albatan) as serfs of the state, organized informally into Neg nutgiinhan. Their scope of action was more closely restricted than that of the Shabinar. In the first instance, decisions on pasture usage or settlement of claims within these territories were made at the local level of the group. Only if this instance failed, such decisions were referred to a higher authority, in case they concerned pasture used for monastery or noble families' herds (see Mearns 1993:18).

Herders were strictly forbidden (on pain of death) to leave the Khoshun territory in wich they were born (according to Mearns, ibid.) without the permission of the Khoshun. There were about 100 Khoshun in Mongolia around the year 1925, in which the long distant seasonal movements, usually from North to South, took place. Nevertheless, within the large territorities (illustrated in figure II) grazing needs demanded to cross several ecological zones and high quality pastures were sometimes located in other territorial units.

When Mongolia gained autonomy from the Manchu empire in 1911, the highest ranking lama or Bogd Khan became head to state and supreme owner of the land. With the foundation of the Mongolian People's Republic in 1924, all land became state property[134]. Under Soviet influence, in the 1920s the district or Soum was introduced as a new administrative unit. Whithin the Soum, herders continued to be organized in local groups or Bag. The Khoshun coexisted with

133. Up to the 20th century, 98 % of the population can be identified as living in rural areas and bound to livestock production, only 2 % were urban residents (see Thiele 1982:236).
134. See Mearns 1993:18.

the Soum through the 1920s and herders continued to make long-distance nomadic movements until the abolition of the Khoshun during the 1930s. Then, restrictions on land use were introduced, e.g. land for agriculture was allotted for individual use by the local (Soum) authority. In this process, the Khoshun administration was no longer permitted to direct the migrations of herders. The rights of Shabinar to move freely within their territory were restricted, their status was reduced to that of ordinary herders (Mearns 1993:20).

The pastoral livestock production has for many centuries been organized at the local level in the herding household, the Khot Ail and the neighborhood-level group. Changing political and economic structures in the 20th century, from feudal, collectivized and emerging market oriented forms, resulted in variations of their significance and functions, but they never disappeared altogether. This is why, as the following chapters illustrate, the newly emerging patterns of social and economic organization lean on these experiences of former integration.

Conclusion

It seems to be important that the term "feudal class", which is often used in connection with the pre-revolutionary social structure, is misleading in so far as it includes the notion of clearly defined strata of society. Natsagdorj (1967:275) hints to the fact that hierarchical structures were not as easily identifiable as is usually assumed:

> ..."while putting out small numbers of cattle to the arat by the feudal class was unquestionable one of the forms of feudal exploitation, it should not be considered as an economic relationship exclusively between the feudal class and the arat. Well-off people among the arat put out their cattle to be grazed by poor people in the same way as the feudal class, and this was a widespread phenomenon"[135].

Humphrey (1978:137,138) notes that there were two ways of counteracting the lack of labor force when herds grew too big. First, rich herders lent animals temporarily to be looked after in exchange for the use of milk and wool. In this case, the wealthier owner needed the poor herders' labor more than the other way round in order to maintain his standard of living. Second, the wealthy donated herds to the monasteries in order to obtain religious merit. These monastery herds were then lent to people (Shabinar serfs and others) to herd in

135. "Arat" is the term used by the Russians for Mongolian herders. Since today the use of the term has a negative connotation, I will instead refer to 'herders' as a distinction from the feudal nobility.

return for the use of the meat, milk and wool[136]. These observations on the pre-revolutionary tenant system are interesting for my argument concerning the relativity of clearly identifiable hierarchical structures today. In chapter six "Absentee herd owners", I confirm my argument with the informants' own perception of the relationship between herd owner and herding family. I assume that although wealth differentiation in pre-revolutionary Mongolia was an essential feature of the stratification of society, feudal or exploitation structures were less transparent as they are usually understood.

3. First collectivization measures

In the following, I will reflect the development of collectivization in Mongolia in the light of the political struggles of the rural population, which accompanied this process[137]. The herders' potential for resistance and scope of action, caused by the government's attempt at forced collectivization in the 1930s, is interesting with regard to possible reactions to future state intervention in the rural areas[138].

The main pre-revolutionary patterns[139] of labor division and mode of production were kept until a total integration of all rural households into collectivization was pushed through in the 1950s. While the social structure underwent significant changes, the rural households still worked on a private

136. In line with Natsagdorj on the term "feudalism", Humphrey (1978:138) argues that the distribution of livestock did not constitute the system's feudalistic essence. What constituted the enserfment of the Mongolian population was more the confinement of nomads to particular territories and their obligation to follow strict rules, concerning pasture usage. Migrations and pastures were, according to Humphrey (139) allotted by officials on the principle that someone who possessed many herds should have more and better land, poor men were left with the most undesirable pastures.

137. In my opinion, writing about historical events is a difficult task. Many authors tend to treat the past in cliches. Especially with regard to system-conformity of either Eastern or Western writers, it would be rather interesting to concentrate on how and why historical features were subject to analysis. Since such a procedure would go beyond the capacity of this study, I decided to refer partly to sources which already reflect history in the light of the current changes, like the PALD publications. I gained information on special aspects from several authors such as Natsagdorj on feudalism (1967), Lattimore on revolution (1967), Rupen on international military and political aspects (1979) etc. One example for a quite infiltrated view should be mentioned explicitly. It is a document written by D. Rosenberg, who had been a 21-year-old American spending the year 1977 in a collective in Arhangai Aimag with much enthusiasm for socialism. When I had the chance to talk to Mr. Rosenberg in Ulaan Baatar in 1993, he himself, retrospectively, viewed his a-theoretic and descriptive microperspective as a rather idealizing approach to the indeed fascinating phenomenon of nomadism under socialist organization. Nevertheless, I regard his book as a unique and precise documentation with many useful detailed informations that help to understand the comprehensive socialist integration in the collectives.

138. According to my research findings, I assume that the efforts of the government to reintegrate the livestock economy into the national economy, will only be accepted by herders under special conditions, see chapter six "Respondents' valuations and future perspectives".

139. See chapter three "The pre-revolutionary times".

and individual basis 30 years after the establishment of socialism in Mongolia. Until then, there were some unsuccessful attempts of the government at forced collectivization in the 1920s and 1930s, which will be shortly summarized.

- The "left deviation"

In 1928, the government was mainly composed of members of the upper wealthier classes of the former system. According to Humphrey (1978:139), these members were, within the Revolutionary Party, opposed by others referred to as the 'rural opposition'. It consisted mainly of poor herdsmen who aimed at a rapid implementation of socialist measures, supported by the Soviet Union. The power struggle within the Party (Mongolian People's Revolutionary Party) was won by the latter group at the Seventh Party Congress in 1928, which within a few months had put the first collectives into operation. They were supposed to organize various kinds of labor assistance, mainly based on already existing types of collective labor among relatives. Their implementation was fairly successful, because those herders who benefited from newly released resources of expropriated feudal property supported the efforts of local party organizations. However, these forms of cooperation were soon viewed as insufficient by the dominant faction of the MPRP Central Committee. Believing in a positive outcome of an imitation of Soviet collectivization, a process was enforced that later became known as the "left deviation". Rosenberg (1981:25) notes that the left deviation was not only enforced for economic and political progress, but is to be viewed as a reaction to counter-revolutionary influences in the countryside, caused by the expropriation of the wealthier strata. Thus, forced collectivization can be seen as a reaction to the "right deviation"[140].

Actually, when between 1928 and 1932 mass collectivization was introduced throughout the nation, the potential for resistance and the degree of political readiness for such intervention among the rural population was disregarded. The measures included physical enforcement, high taxes on private livestock, harrassment of all lamas, attack on small traders. Heavy taxes on private caravan transports brought the country to a state of chaos, as Humphrey (1978:140) notes. Many people became increasingly resentful and aggressive in view of forced inclusion into forms of cooperative labor, especially the middle stratum, which suffered more than the poor herders under the 'left deviation'[141]. These herders had not much in common with any form of exploiters but had been able to build fairly large herds because of trade or herding skills. In spite of this, they were treated as class enemies and taxed punitively, although this

140. These terms became popular by many scholars dealing with the development of collectivization in Mongolia, such as Shirendyb 1971, Rupen 1979, Bawden 1968, Slatkin 1954 et. al.
141. According to Rosenberg 1981:26.

was the group whose competence and experience were important resources for the rural development.

Together with the government's lack of competence for the huge undertaking, the attempt turned out to be a disaster, which left a bitter mark among herders until today[142]. Since collectivization meant the confiscation of the only source of livelihood, herders regarded the radical reorganization as directed against their interest. Many of them had gained private livestock for the first time, in the course of expropriation of some lamas. In such a situation, the idea of "socialism" and of everybody's responsibility and contribution to it was an insufficient incentive regarding the scarce services the early collectives were able to offer[143].

> Concerning the expropriation measures, a view on the changes in the social structure, which accompanied the process, seems to be necessary. The persecution of lamas and the whole clergy went in line with the collectivization of property. This process had dimensions comparable to the purge processes of the Stalin era in the Soviet Union and is one of the historical events which are still present in the minds of many Mongolians[144]. Given the fact that nearly half of the adult male population were lamas, there were shortages of labor supply as well as a decline in population growth. As outlined in the previous chapter, the lamaist monasteries had been the centers of rural Mongolian culture, being the site "not only of religious ceremonies but of most trade and information exchange. Lamaism served as the primary institution through which resource distribution among social classes occured" (Rosenberg 1981:24). Their persecution began with the heavy taxation of some lamas, prohibition of lamaist education and expropriation of property in the hands of lamas and foreigners. Within ten years, the strategies became

142. Some herders I had the chance to talk to in Huvsgul province still remembered stories about the first attempt at collectivization, mostly together with the notion of a government that decides without acknowledging the people's own ideas.

143. Interestingly, the situation today is not very different. Facing the alternative of cooperation or private household economy, many families choose the latter. The present incentive structure is not estimated as adequate for risk management strategies without the previously functioning support structures by the collective administration.

144. The Mongolian prime minister Choibalsan (1924-1952) held, in the mid 1940s, simultaneously the positions of prime minister, minister of foreign affairs, minister of internal affairs, minister of war and commander in chief of the army, after during the 1930s to 1940s, most of his rivals, who were less radical and less closely connected to the Soviet Union, had been eliminated. Choibalsan became known as "Mongolia's Stalin" for ruling Mongolia by terror and destruction. Like Stalin, he had built a cult of personality until in 1952 Tsedenbal (who had ruled the party from 1940) became prime minister. The reason why the statue of Choibalsan in front of the Ulaan Baatar University was not removed after 1990 is the fact that he had prevented Mongolia from becoming the 16th republic of the Soviet Union through negotiations with the Soviet leaders.

strict and rigid and lead to the abolition of all religious institutions[145]. In the beginning of the 1940s, nearly all Buddhist-lamaist monasteries were destroyed and the lamas, if not murdered, became semi-skilled and skilled laborers and herdsmen[146].

During the years of the "left deviation", the potential for resistance of the rural population was reflected in a sharp diminution of the number of animals by the herders, from 23 million head to 16-17 million head of livestock. In face of the forced measures most people showed an extremely poor labor performance and undertook a mass slaughter of animals which were destined for collectivization[147]. People tended to keep on caring mainly for their private livestock and neglected collective tasks. Plans for cooperation and education were poor and unstructured, leadership unskilled and unfamiliar with management principles. Thus a chaotic situation, with a lack of a strong administration to make up for the loss of previous institutions, caused extreme vulnerability to corruption and anarchy. The increasing economic disaster and the hostile and even armed insurrection of parts of the population forced the government in 1932 to admit failure and disband the cooperatives and communes.

According to Veit (1986:158f.), a withdrawal to an independent and isolated herding economy did generally prove to be a means for revitalization among Mongolian herders. Citing Lattimore (1962:258) she hints to the above mentioned event of mass slaughter in the early 1930s, when the poorest herders retreated into remote areas where they survived on the basis of a very small amount of livestock. A former head of a brigade in B.-Soum (research area) I could ask for his knowledge of these events told me that remaining livestock was partly divided among families in need who independently rehabilitated their herds up to a moderable size within a few years.

145. Lattimore (1962:132) hints to the connection of the lamaist persecution with the Japanese strategic and political interest in Mongolia (see also Rupen 1979:49). The clerical and secular feudal classes feared the power and influence of the Russian socialist revolution on Mongolia. Therefore, they hoped to retain their power and strength by leaning on foreign forces like Japan. Political and military action by Japanese forces led in 1939 to the Khalchin-Gol war, in which the Soviet Army together with the Mongolians defended Mongolia against the Japanese aggression.

146. There is a problem with reliable sources on these events due to the fact that many 20th century historians dealing with Mongolia are bound to socialist views which tend to deny the cruel eradication of the religious centers and the bloody persecution of the lamas. The purge processes are subject to official acknowledgment of the recent history during the last years of political liberalization.

147. See Rosenberg 1981:26, Shirendyb 1976:272.

Conclusion

Apart from the question whether this reconstruction of an historical event will stand up to closer examination or not, the fact remains that the emic perception of being able to survive independently from the state apparatus serves as a distinct asset both for the management of subsistence economy today and for the ability to evaluate and resist governmental plans for intervention in the countryside. When I told herders about future plans by the government, I heard the Mongolian saying "a Mongolian law is in force for three days only". The implementation of grazing fees, i.e. taxation on a resource which was referred to as 'free' at least for the last four years, will presumably meet with resistance among herders. Another event in the course of taxation underlines this assumption: When in 1992 the government for the first time imposed taxes on privately owned animals, many herders reacted with the slaughter of some of their animals just before the tax was collected. This did not cause problems of losses since in January temperatures allow for the deep-freezing of the meat for other three to four months[148].

4. Preparations for a second attempt at collectivization

After the "left deviation", the regime tried other strategies with the first aim to improve livestock production. A new tax law affecting livestock and grain production freed poor herders from tax obligations and provided tax relief for middle and upper strata households. One main preparation for later collectivization, under new incentives, was the tax relief for those who prepared specific quantities of hay and shelters for winter. One result were smaller household property differentials[149].

Cooperation between herding households along customary forms of integration was encouraged by pooling funds. These were supplemented by state funds for such activities as boring wells, purchasing haymaking equipment and building winter shelters for animals. During these measures, there was no discrimination against individual family households. Therefore, methods of herding and nomadizing did not change essentially and, according to Potkanski/Szynkiewicz (1993:3), the government did not push through any significant changes between 1921 and 1959 despite the distribution of feudal property to poor herders. Instead, during that time the government concentrated on creating an administrative infrastructure for the supply channels between the capital and the

148. During fieldwork in March/April and June/July I gained these informations from different herders. Unfortunately, this event is not recorded in any document available.

149. In a district of Arhangai province (research area of D. Rosenberg), 1935-36 data indicate that the majority of households had 15-50 Bod, the number of hh which had more than 100 Bod was not more than ten.

rural areas and initiated small industry and trade networks in the towns. Until the end of the 1950s, cooperative organization was not a development priority. One reason for this was the amount of financial investment necessary for a nationwide organization of collective production, unavailable during the second World War. Russian military expenditures demanded large quantities of resources from Mongolia which were collected through the taxation on privately owned animals. Rupen (1979:70) notes that "during the war, exports of livestock and wool from the MPR to the USSR doubled,. . . .It was a period of Soviet exploitation of Mongolia."[150]

After the war it turned out that without a collective organization of livestock production the nutrition needs of the increasing population could not have been met. The pre-socialist and pre-collective production had been ineffective in so far as it did not produce a surplus to be sold on the market. Barter trade relations in general did not extent to the exchange of goods other than self-produced in the period when state intervention still did not cause diversification. According to Szynkiewicz (1989:32f.), in the 1920s on average 15 % of the population did not live from livestock production (including trade, transport or haymaking), but a number of families with little privately owned livestock received an income from tailoring or jewelry making. Thus, a service sector was in its earliest stage, but it seems important to note that occupations like that were understood as a feature of poverty rather than an approach to modernization of the population. People were forced to such substitute employments for lack of animals. As soon as some income was generated, it was invested in livestock for a pastoral household economy[151].

State intervention in the 1950s was realized by the taxation of wealthier and support of weaker households, massive collectivization, investments and administrative measures for the protection of pastoral life and economy. Methods for the implementation were, according to Rosenberg (1981:27), without exception, propaganda and persuasion, the emphasis being on the voluntary aspect of the procedure. A new law on private livestock holdings which was put into force in 1955 further encouraged the emergence of collectives. The officially legal number of around 75 head of private animals

150. Mongolia and Japan were at war again at the end of the second World War. Thus, the Mongolian government was not only preoccupied with Soviet demands but also with the raising funds for defense and food to feed the army and the urban population within the country. Rupen (1979:70) notes that the number of industrial workers (around 30,000) doubled during the decade 1940-50 (one fourth being women). They served military needs under a draconian labor law.

151. In the course of urbanization in the 1930s, this process was enforced when new settlements in the capital and some other small towns developed. But only in the 1950s, as Szynkiewicz (1989:33) notes, with the beginning of intensive industrialization, there emerged a turning point in the system of values. For the first time the term "city dweller" became a model to strive for, for some young ambitious nomads. It has to be acknowledged that this notion, in contrast to other industrializing countries, did not lead to any degradation of a pastoralist lifestyle until today.

ensured that the majority of herders could keep nearly all their animals, and in addition were offered the services of the collectives[152]. The more herders became members of the new collectives, the more labor shortages became chronic. As a result, the wealthier herders also were interested in joining the Negdel when they faced difficulties in employing wage labor to look after their privately owned animals (see Mearns 1993:10).

In 1959 the government made the final decision to form Negdels by collectivizing the herds. Being allowed to keep only two Bod per person in private property, the total of 75 % of the national herd became collectivized. Again protest activities arose by individual households[153]. In some cases animal shelters, hay and pasture were set on fire. Some herders hid their livestock to evade the state's livestock census and thus avoided the state purchase plan and taxes. Disputes over pasture land between individual households and Negdels came up in the course of mapping the soil. Many families had to leave their Tursun nutags, the place they belonged to[154]. People partly compared the government strategies of collectivization with the methods used in the days of the old communes. This time, however, after some initial attempts at resistance, the new property concept became accepted. Several factors contributed to the notion of positive incentives instead of force. Among them, the secure provision with the most essential needs of herding families by the Negdel. free of charge, was the main impetus.

But there is another explanation for the acceptance which seems to be a critical approach in finding reasons for the successful realization of collectivization: The "idea of obedience to authority", as inherent in Mongolian culture, is insinuated by some authors (see Potkanski/Szynkiewicz 1993:4, Murphy 1966, Rupen 1979:69). It is claimed that the idea of obedience is incorporated since at least medieval times, because of being exposed to a hierarchical structure of society, resulting in the notion of allegiance and subjection (Potkanski/ Szynkiewicz 1993:4). It is further argued that obedience had its ideological basis in the heavenly mandate or in the moral order after the introduction of lamaism, which kept anybody in his due place and status. Campi (1992:7) criticizes the argumentation of Murphy, who stated in his book "Soviet Mongolia" that because of the Manchu Chinese running Mongolia like a great reservation and forcing them to remain nomadic, the Mongols became psychologically paralyzed. In his view, they were prevented from controlling their own lives and shielded from economic and social change. Exposure to great natural calamities, such as intense cold and draught, bred resignation,

152. See Humphrey 1978:141. Only the richest people did not join until compulsory measures were introduced in 1960.

153. See Rosenberg 1977:190,191.

154. As illustrated in chapter five "Decision-making for residential changes and pasture usage", after decollectivization herders tended to go back to their pre-collectivization Tursun nutag.

indifference and passivity in the Mongols. I agree with Campi, that this interpretation bears some evolutionary assumptions, such as the inevitability of an economic development process from nomadism as the lowest stage towards agriculture and settlement. In pretending that Mongolians are passive because of being forced to remain nomadic, Murphy neglects an environmental reality which is most convenient for a pastoral economy and looks down on nomadic cultural and economic institutions.

Conclusion

In my view, such claims are over- or misinterpretations of attitudes which occur strange to the foreign observer. Any statement on Mongolian cultural features or mentality seems to provoke counter-arguments[155]. According to my experience, the Mongols I could talk to shared an attitude towards authority which I would call relaxed rather than paralysed. To me it showed some feeling of independence and self-confidence, which I ascribe to their knowledge about their ability to live without support for some time. Former experiences like the event of collective mass slaughter and the certainty that they, since privatization, individually possess the means of production, mark this consciousness. I would extend the argument to the notion that because several aspects of collectivization in the 1950s were convenient for the herding population and beared enough positive incentives, people actively decided to join the collectives rather than accepting the innovations passively. In the same way, I assume, they will decide on their future strategies under new property conditions. As ambivalent as their evaluations of the present and future situation were (see chapter six), they did consider the pros and cons of the actual situation well. I would further claim that the ideological basis of the different political systems, which offer resp. predict the conditions, is not in the focus of interest of many Mongolian herders. Throughout the past, the political changes from the Manchu Chinese rule to socialist collectivization, they managed to maintain basic cultural features and their concepts of self-perception, in line with customary forms of organization. Thus, they might voluntarily adjust to the new system and its conditions only to the extent they consider it adequate to meet their needs.

155. With regard to the natural and present economic conditions and constraints of most parts of Mongolia, which severly limit the scope of action or change, it is, on the contrary, interesting how entrepreneurial initiative and innovative activities emerge at present, as outlined in chapter six "Entrepreneurs in B.-Soum".

5. The Negdels

Before summarizing the organizational structure of the Negdels. I will provide a short overview of the general agricultural enterprise structure in collective times: According to Sloane (1991:16), among the four forms of rural enterprises the Negdels and state farms were the most important. The state farms increased in number during the period from the 1940s to the 1990s from 10 to 53. In 1990, there were 255 Negdels, 73 state farms and 28 other operative organizations. The Negdels as institutions appeared, according to Humphrey (1978:141) between the Soviet Kolkhoz and a Chinese commune. The state farms are regarded as similar to the Soviet Sovkhoz. for the majority of agricultural experiments, the opening up of virgin lands, crossbreeding of animals and preparation of fodder was realized in them. The following table provides an overview over the development of these organizations:

TABLE I Development of four forms of agricultural enterprises

Enterprise type	**1940**	**1960**	**1970**	**1980**	**1985**	**1990**
State farms -general	10	25	32	49	52	53
-fodder			10	13	17	20
Negdels	91	354	272	255	255	255
Agricultural service enterprises		17	17	17	17	17
Inter-agricultural Coop.Organizations					11	9
Total	**101**	**396**	**331**	**344**	**352**	**354**

Source: Sloane 1991:16, citing Central Statistical Board

While the state farms were organized under the former Ministry of Agriculture and Food Industry (which is now the Ministry of Agriculture), the Negdels belonged to the supervision of the National Union of Mongolian Agricultural Cooperatives (NUMAC) which is subject to chapter two "Decision-making and emergence of interest groups". As mentioned there, the chairman of the NUMAC was simultaneously the Minister of Agriculture, so that there were closest managerial and planning links between the two main agricultural organizations. Just in 1990 the NUMAC became an independent body under the new government.

Each Aimag had a Board of Agriculture and Food Industry which was the local arm of the Ministry. Usually they were staffed with 20-30 skilled persons and had a similar organizational structure as the Ministry. Each board was responsible for the supervision of the agricultural enterprises within the Aimag.

Sloane notes that since 1990 the boards have been reduced to a small department of 4-6 members on average (Sloane 1991:16). Figure IV gives a more detailed view into the structure of organization and management of agriculture and livestock under central planning.

Organization and management of agriculture and livestock under central planning

NATIONAL ADMINISTRATION AND COORDINATION
Ministry of Agriculture and Food Industries (MAFI)
Minister

First Deputy Minister 1	First Deputy Minister 2
Economics and Planning	Livestock, Water Supplies

Professional staff organised in technical/functional depts
Direct management/planning for State Farms
Coordination with Supreme Soviet for Agric. Cooperatives
National support functions - State fodder/emergency transport

REGIONAL ADMINISTRATION AND COORDINATION
Aimag Board of Agriculture and Food Industries (BAFI)

Manager, regional authority for agriculture production and resources
Agric. professional staff organised in technical/functional departments with planning, supervisory and extension functions
Regional Service Departments -Transport, machinery R&M, fodder reserves

PRODUCTION ENTERRPRISE

Agric. Cooperative	State Farm	Other Service Organisation

Manager appointed by Aimag BAFI
Agric. professional staff in technical/functional depts
Party Organisation Workers
Community support staff - health, education etc.

LIVESTOCK	CROPS	OTHER ACTIVITIES AND SERVICES
Camels	Cereals	Transport
Horses	Vegetables	Machinery Service/Repair
Cattle	Fruit	Building & Construction
Sheep	Green Fodder	
Goats	Perm Pasture	

PRODUCTION ORGANISATION

Kheseg 1	Tasag 1	Brigade 1
Kheseg 2	Tasag 2	Brigade 2
Kheseg 3	Tasag 3	Brigade 3
Kheseg X	Tasag X	Brigade X

Manager appointed by Farm. Not necessarily local. Specialised by production system. Data from Suur to enterprise.

PRODUCTION ACTIVITY

Suur	Family 1	Salaa 1
	Family 2	Salaa 2
	Family X	Salaa 3

Manager is headman from local families. Specialised by activity.

- Organization, decision-making and administration

By 1959, nearly all of Mongolia's herding households were members of collectives. Most of the pastoral production was carried out in collectives which tended to increase in scale until Soums (Mearns 1993:10) contained only one single collective. The Soum is the administrative unit of the state. The positions of the Negdel and Soum director were always held by the same person who received a separate salary from the Negdel and the state. This fact is important for my observation of the intertwinement of collective and state within the Negdels (see chapter two "Decision-making for the privatization of rural assets").

Nevertheless, a closer look at the different administrative functions of Soum and Negdel illustrates different power potentials, as described by Rosenberg (1977:61f.). The Soums were under dual control: the local meetings (Choolgan) and the district Khural of People's Deputies on the one hand. In addition, the Soum was under the direct leadership of the provincial (Aimags) government. The Aimags administration had exactly the same structure, since its leader was elected by the provincial Khural of People's Deputies, which was under the direct supervision of the Council of Ministers of the MPR. The Council was elected by the National Great People's Khural of the MPR[156]. As a governmental unit, the Soum administration was considered more powerful than the Negdel administration. It exercized control over the Negdel, including party tasks and the government's economic plans[157]. The Soum and Negdel administrations had to come to economic and political agreements.

The members of the presidium, elected by the council, were the Negdel director (same person as Soum director), the party cadre director, a chief bookkeeper, an economist, the director of the first brigade, some herdsmen, the chief animal husbandry specialist, the chief veterinarian and the agronomist. As empirical data of my fieldwork illustrate, most of these people became unemployed in the course of decollectivization. Negdel membership, which became a subject to controverse discussions in the reallocation of Negdel values by vouchers, was open to anybody from the age of sixteen.

It is important to stress that the most powerful and influentual organization in each Soum was the party with its overall control functions. While most people

156. See Rosenberg 1977:62.

157. The Choolgan was thus the highest body of the district (territorial unit of Soum and Negdel). Following Rosenberg (1977:62), its formal counterpart in the collective was the Negdel council and in the party, the party committee. The Choolgan passed resolutions that functioned as laws in the district and it considered all urgent problems.
At present, the formal institutions are still existing to a large extent, though their power and competence is reduced with the dissolving of Negdels.

worked for restricted organizational units such as the Soum, the Negdel, the school or the trade organization, it was the party members' task to mobilize and enforce anybody to fulfill plans and targets. Like any centrally controlled administrative organization in socialist Mongolia, the party organization functioned nationwide through channels resp. control mechanisms on the Soum, Aimag and national level. Representatives of the authority of higher instance regularly paid visits to the lower units. "The Party Control Committee deals with party matters, such as discipline of party members (...) and they inspect party documents (...) to see if the policies of the party are understood and are carried out correctly on the local level", as Rosenberg documented in line with party ideology (1977:166). The establishment of a post office in any district, with telephone service, telegraph, radio communication and mail service, facilitated the effective control and connection of the rural people with the administrative levels of a higher order - on the provincial and national levels.

Administratively, Negdels were divided into 2-5 Brigads and the Brigads into Kheseg (teams). The Khesegs' subdivision were called Suur. They were the basic herding unit, composed of one to five households (with differences in the ecological zones of Mongolia). Efforts were made to prevent cooperation based on kin relations in assumption that this would run counter to the interest of the collective (see Mearns 1993:10)[158]. According to Mearns, administrative decisions were made as to how many and which herders should be in each Brigad. He states that in many cases they were formed in line with former integration patterns, like the Bag or Neg nutgiinhan. This notion is important for the assumption that herders organized along former institutional patterns after decollectivization[159].

Under collectivization, decision-making took place at a higher level than under the previous institution with cooperative functions, the Khot Ail. For the first time its autonomy was limited to its own private herd and to a small extent to decisions about the grazing patterns (see Potkanski/Szynkiewicz 1993:56). Each family was allocated a Negdel herd according to its available labor power, based on coefficients of how many animals of each species could be cared for by one adult person. The division of labor was newly organized by zootechnicians who were responsible for the pastoral production on behalf of the Negdel authorities[160]. Usually, they tried to combine their theoretical knowledge with traditional herding techniques in cooperation with the herders. Certain animal species which were often even of one age class, were allocated to Suurs. The Negdel authorities introduced this specialization with the aim of intensifying pastoral production and reducing the labor burden. Interestingly,

158. See also Table II "Evolution of Mongolian pastoral institutions".
159. Discussion on that topic see chapter five "Patterns of mutual assistance".
160. Comprehensive veterinary services were partly supported by the state and partly by the Negdel.

women I asked for a comparison of the labor amount in Negdel times and after privatization during fieldwork, stated that running a private livestock economy with all five species throughout the year was much easier. Fulfilling the plan targets and simultaneously caring for private livestock, like they all did in Negdel times, imposed a much greater burden on them. Otherwise, many tasks, especially for women, became softened under collectivization. While the state provided services for the education and care for children, e.g., they had been able to earn money equally with men instead of serving all household reproduction tasks alone.

Concerning property, there were two forms under socialism: state property being managed by the state and collective property belonging to groups of people. The state enterprises included factories, mines, trading and transport organizations, banks, public utilities and state farms[161]. Both state farms and Negdels coexisted with the Soum boundaries. The state provided aid e.g. in the form of short- and long-term loans. These were used by the collectives to purchase equipment, construct animal shelters and in case of need, pay Negdel members. There were also forms of assistance without repayment or being extremely subsidized. The sale of fodder took place at less than its production cost. Most transports and the construction of wells were free of charge. The state provided the training of all specialists, the salaries for employees in state service institutions, including the medical and part of the veterinary staff. Machinery, equipment to schools and libraries and support for cultural acivities were all provided by state financing. Teachers and some classes had to contribute their labor during hay harvesting campaigns, older students were required to work on the potato harvest[162]. Students and teachers alike were under strong pressure to carry out these tasks. At least, they had to work one day through the winter and to spend around one month in the summer in the countryside[163].

These large financial inputs by the state, which made the collectives function, were one main reason for the claim that state employees within the Negdels receive private livestock from the Negdels property, as described in chapter two.

A very important service provided by the Negdel administration and financed by the state were fodder preparation activities through which supplementary

161. Within the Negdels. service organizations were financed by the state like the trade organization, the schools, the post office and the weather station, with employees on the state payroll.

162. Students I met in Ulaan Baatar who had been recruited for the vegetable harvesting in the countryside told me that these "aid" happened under very harsh and uncomfortable hygienic and nutritious conditions, but in general there was no way of refusing such services. With political liberalization, many students started refusing to work in the countryside. This had enormous negative consequences for the harvest quantity.

163. See Humphrey 1978:152.

food for livestock was provided from state farms (see Rosenberg 1977:51) in case pasture conditions were particularly poor. Often helicopters from the Soviet Union and Mongolia brought fodder to remote areas in case of need. The abolishment of these risk management strategies since 1990 exposed herders to dangerous and risky production conditions. This is especially true for the spring season when heavy climatic changes threaten the herds. The winter Dsuud particularly threatens new born animals. The lambing season is known in the Central Asian steppe as the most challenging period of the year. Animals and people are weakened from the long winter under restricted nutrition supply. With the governmental aim, expressed in plan targets, to increase the number of animals, herding families often worked far beyond their usual capacity[164]. It was there obligation to reduce winter losses at any expense, but under worst conditions, large amounts of new born animals died in the frost, weakened from lack of nutrition of the mother animals.

Otor (long distance herding) preparation was also centrally organized. Herders had to remove their herds every year from some areas threatened by Dsuud (suddenly frozen pasture after heavy climatic calamity) or in chronic shortage of fodder on pastures. From the place of my research, large numbers of animals had to be removed every year to eight other Soums for the spring period. While in collective times Otor was supported by trucks for the herders' equipment, now pack animals regained their function.

- Production and Marketing

The most important animal species for the Mongolian economy are sheep. Of the local breed, called "fat tail", wool, meat, hides and milk are utilized. The high value of goats is determined by a high demand for cashmere as an export product, while meat and milk are generally not marketed but used by herders. Cattle are important because of milk production and needed for transport. Three kinds of cattle exist in Mongolia, "Mongolian" cattle, yaks and a cross breed between the two, called Khynag. The two regular cattle breeds are the Altai breed from Kazakhstan, crossed with Mongolian and Mongolian Red Cattle. Yaks and Khynag amount to 30 % of the national cattle herd. Horses are the main means of human transport, especially in herd management. Further, they are bred for status issues. Mares' milk is used for the production of fermented milk, Kumiss[165]. Camels are especially valuable for wool, hides, milk and meat (see also Rosenberg 1977:110). After decollectivization, they became particularly important as pack animals.

164. The hardship of this work under unusual weather conditions is often subject to novels by authors dealing with socialist nomadic societies, such as Cinggis Aitmatov or Galsan Chinag.

165. On food production see also chapter six "Subsistence production and state employment".

On changes in numbers of the five animal species of Mongolia, Sloane (1991:25) notes that "In the years from 1960 to 1988 there have been some underlying changes in the structure of the national grazing livestock herd. In 1960, horses comprised 31 % by livestock equivalents of the national herd and camels 15 %. By 1988, absolute horse numbers had remained almost unchanged but in relative terms had declined to 25 % of the national herd, while camel numbers had declined by 26 % in absolute terms to comprise only 10 % by livestock equivalents. By contrast cattle numbers rose from 22 % to 31 % and sheep numbers from 24.5 to 27 % as livestock equivalents. These changes reflected both Government priorities for production as well as the relative profitability of the various branches of livestock production."

In June 1962, Mongolia became a member of the CMEA and coordinated, from 1970/71 on, its five-year plans in accordance with other member countries[166]. On the 15th CMEA - meeting (June 1971) it was decided that the member countries would give special development aid to Mongolia, which was the least developed country of the Council concerning industrial infrastructure. Unfortunately, this resulted in the total dependence on foreign aid on the part of the Mongols. Except the absorption of some essential raw materials and the building of some mining and light processing industry there were not many efforts to build up an autonomous industrial infrastructure[167]. Thus the main economic activity remained the export of meat and animal products in return for Soviet commodities.

However, within the country, the secure provision with consumer goods functioned even in the remotest areas through the Central Procurement Cooperatives Union, which operated under the former State Department for Trade and Procurement. It was responsible for the supply channels in both directions of rural and urban areas and the supervision of the purchase of animal products from the collective and private herders. Any pricing and distribution of agricultural and livestock products was under state control. Prices were fixed in order to keep inflation under control. This was possible because of the stability of export and import prices within the CMEA terms of trade.

The five-year plans were set by local, regional and central planners, who estimated the production capacities and requirements and then issued the state procurement orders to the local branches of the Negdels[168]. The procurement included animals, animal products, various kinds of animal skins, hunting products, wool, hides and dairy products. It was responsible for the transport of

166. See also chapter two "Political and economic integration until 1990."
167. The processing of primary products was centralized, with three meat combinats and ten flour mills for the whole country near the main towns. Large costs were incurred to move the raw materials to the processing factories and to transport the products back to the consumers in the countryside.
168. See Edström 1993.

live animals to various state slaughterhouses and processing factories. The governmental planning commission set the target figures for the provinces, which in turn set the five year plan target for the districts. The production targets were mainly based on coefficients of productivity for each species and the size of the allocated herd. They were not based on the quality of the previous performance. Once fixed and accepted by the province administration, the plans were considered laws and the targets could not be changed. The Negdels had to deliver these products at the state purchase price until 100 % of the plan was fulfilled. Products above the plan target could be sold at the market price. In the latter case an additional bonus for overfulfillment was paid to the Negdel[169].

Depending on natural conditions, Brigads were specializing in certain tasks, like vegetable production or construction. Each family was supposed to produce and deliver to the Negdel a given quota of young animals and animal products on a yearly basis. Herders who failed to meet production targets had to make up for the shortfall from their private animals, or they had to buy them from other households and deliver them to the Negdei. Sometimes compensation in money was accepted as well. Potkanski/Szynkiewicz (1993) note that the system held some protection for herders who failed often. Then, the Brigad administration could decide to abolish their old debts. As Negdei members could buy animals at a very low price from the Negdei. they often met household consumption needs by acquiring animals from the Negdei herd and conserved their private livestock. The yearly production plans of the Soum concerned both Negdei and private animals (see Rosenberg 1977:75). Productive members had to sell meat and wool to meet state purchase obligations, but were exempt from taxes on their private animals[170].

Negdei herders had the status of employees, thus they were paid a monthly salary on the basis of anticipated annual income to 80 % (see Potkanski 1993:56). At the end of the year they were paid the balance due to their income, plus the bonuses they had earned. The basic amounts for herders' salary were determined by a representative of the National Supreme Council of Negdels (now NUMAC), who was sent periodically to evaluate and control the local administration's performance. In the payment structure, the reward and bonus system acknowledged collective and individual efforts (Rosenberg 1977:123f.). Members of Brigads or Suurs could only receive a bonus for overfulfillment

169. "In the case of livestock, orders were specified in terms of tonnes of live weight, and most animals would be bought in the early summer (when they weigh the least), trekked to urban centres and fattened during the long trek (taking up to five months), then sold as meat at dead weight prices or exported to Russia processed, by rail, from Ulaanbaatar, Darkhan or Choibalsan" (Edström 1993:138).

170. In general, as fieldwork findings brought about, there were some inequalities in the payment for different groups within the Negdei. The state employees received a higher salary by the state than their counterparts working for the Negdel. Herders' salary was the lowest but their income was mostly dependent on bonuses and rewards, see also chapter six "Profession, Occupation and Income"

after their team had fulfilled its plan. Thus, payment was dependent on collective responsibility, which was not easy to escape. The provision of moral incentives like medals, awards, prizes and official recognition served to maintain labor performance. It did not even leave out the 'payment' to mothers. Rosenberg (1977:81) arrived at the conviction that: "Mongolia needs more people in order to defend its borders and adequately develop its resources. Families are therefore encouraged to have many children". Women received a money bonus, additional annual payments and medals of gradual value for certain numbers of children, the "Order for Maternal Glory First Class" for the number of eight! In fact, the Mongolian population policy was fairly rigid. In order to enforce population growth abortions were prohibited until a woman had given birth to four children or had reached the age of 35.

Humphrey (1978:149f.) notes that one reason for the implementation of rewards as appreciation of work was that material or economic incentives were often found to be not desired by herders. They did not favor to receive more money since there were few consumer goods to buy and because they considered the possessment of goods as inadequate for the migration moves. This observation is strikingly interesting for the future of the Mongolian livestock economy under free market principles. In case individual profit maximization will not be of main interest of the herding population, a commercialization of the livestock economy, badly needed for the state budget, might fail.

- Services

While the state provided benefits either to state employees or to all citizens, the Negdels provided their members with other services: maternity leaves, old-age and sick pensions, money and support for children, emergency help in case of animal losses, transport means for the nomadic moves, centrally organized supplementary fodder for the animals in winter, construction of winter shelters and stockyards and recruitment of additional labor in times of need.

A pension system was introduced for Negdel members over 60 years old (men) and women over 55 years. The amount of the pension depended on the average salary of the receiver from the most recent years of employment and was around 25-30 % of that amount. The Negdel insured its members and their families as well as all animals including private ones. This fact brought about one problem: in a situation when the households livelihood depended on both private and Negdel herds (i.e. on the monthly salary and on the animal products which each herder could use directly or indirectly), the Negdel herd in the hands of each herder served as an insurance which was easily accessible. In case of sickness or death of a private animal, it could be presented as a Negdel one. In cases of shortage of the right animal for home consumption or for social purposes,

sometimes Negdel animals were used and paid back later. The freedom of these activities made Negdel membership attractive. It also tempted herders to cheat, what contributed to wealth differentiation among herders.

Besides the Negdel services, state provisions like free health care and education programs for adults and children are believed to be better than elsewhere in the world in pastoral nomadic communities (see Potkanski/Szynkiewicz 1993:56)[171]. In 1940, the government had set the goal of accommodating all school-age children in educational institutions and of preparing the teaching staff in Mongolia rather than the Soviet Union. Teacher training schools were constructed and in the 1950s, compulsory education became introduced nationwide. The law indicated that teaching and practice were to be linked, i.e. children were to have experience in production activities as well[172].

Those children who lived in the countryside were forced to stay in dormitories in the Soum-centers. This caused problems for many families because of the long periods of separation. The children were sent home for the lambing session to help and from May to September for the summer break. Nursery schools were open for all children over forty-five days and they were meant to stay there until they entered kindergarten at the age of three. Further, there were various adult programs at school, like the evening school to upgrade the educational level, or local team schools for those who continued education while working as herders. They were taught agricultural economics, details of the labor organization and payment system and how payments were linked to the performance of specific tasks, besides socialist ideological lectures[173]. In my opinion, this is an interesting feature of the Mongolian system. Herders and farmers were educated for the skilled performance of their herding tasks. Though ideologically highly infiltrated, the curriculum aimed at keeping herders in their employments[174].

171. Each provincial capital had a regional medical center for more serious cases and people could be sent by plane to Ulaan Baatar. The medical staff travelled to any herders in remote areas, so that medical services reached everybody in the Soum. Infirmaries existed at all Brigad centers. Maternal rest homes were open to any women two weeks after birth. All these services had been free of charge.

172. See Rosenberg 1977:86.
The Mongolian school curriculum comprehended Mongolian language training, mathematics, chemistry, physics, biology, botany and history. Further Russian, physical education, labor training like animal husbandry and cloth-making, carpentry, crafts, sewing, weaving and cooking. All textbooks were written by Mongolians and since 1970 eight years of compulsory training became common, see Rosenberg 1977:92.

173. In spite of this, one of the reasons for the tremendous school drop-out of children after 1991 was the notion of many parents that school education does not serve for a better performance in herding tasks.

174. I state that adequate education of the rural population often runs counter to the interests of the state. In Turkey, e.g. "village-institutes" for the rural population had been closed soon after their foundation in the 1940s, partly because people started to demand better conditions.

- Social structure and mobility

Until the collectives came into being, the Mongolian tribal system used to be known to every individual. Afterwards, with the governments attempt to break down tribal allegiance, kinship ties became loose. Tribal names were made illegal, so that Mongolians today refer only to their birth name. In case of official registering they add the first letter of their fathers name[175]. Further attempts at breaking kinship ties brought about the acceptance of friends and other unrelated families for herding cooperation in Suurs. Though this was successful in so far as now also non-kin ties can be close and function in different forms of mutual assistance, after decollectivization in many areas people tended to move together with related families.

Until the late 1970s, herders had not been allowed to change their jobs or leave the area without approval to the authorities. They were tied to the soil in lack of identification documents. After 1970, individual choices for future orientations increased. According to Potkanski/Szynkiewicz (1993:4), in the 'traditional' society yet, there were ways of changing conditions like moving to another monastery or becoming a displaced vagrant person. Under collectivization, pastoralists found ways to move to towns, mainly to the building industry or in order to be educated, some even in Moscow. Especially through the latter, both status and residence could be legally changed, the opportunities of political activity even extended the chances. Women were encouraged to take part in labor performance. By law they were given equal access to education and employment[176]. Interestingly, it is common that women work in professions which are still known as domains of men in the Western world, such as construction workers, decorators and carpenters.

- Migration patterns

The Soum territories, introduced in the 1930s, were more restrictive than the Khoshun territories had been. Thus there was less opportunity to make long-distance movements in order to use the complementary sets of ecological resources. There have been three times more Soums than the previous Khoshun (330:100), from the 1930s on. This implies a heavy restriction in territorial boundaries. According to Thiele (1982:236), clear boundaries were drawn within the Aimags in the year 1960, according to the territorial unit of the Soum and maps were handed to each Negdel on a scale of 1:200,000[177]. All grazing

175. It is now planned to reintroduce these names.

176. In cases of divorce, there was no concept of the mother-child relationship being stronger than the father-child relationship, as Rosenberg (1977) observed.

177. In 1960, 90 % of the previous Suurs were bound in collectives, state control over the nomadizing population was exercised in the political and economical sense.

ways were exactly fixed, the seasonal movements of the herd took place largely within these boundaries. A diminished migration pattern demanded for the provision of fodder in winter. Fewer pastures were used, but they were of particularly high quality This lead to the overgrazing of some areas.

Only in times of urgent lack of fodder after the Dsuud herders were allowed to cross the borders to the neighborhood Soum for Otor movements[178]. Thiele calls the restriction of the previous grazing ways the final stage of Mongolian nomadism since, in his definition, nomadism is the permanent movement of the whole community, determined by seasonal and changing grazing conditions. The partial settlement of the Mongolian herders and their connection to centers through which they were supplied with commodities other than those produced by themselves, and their incorporation in national economic plans runs counter to such narrow definitions[179].

Mearns (1993:22-26) hints to the meaning of the changes after collectivization for customary herding knowledge and patterns of mutual assistance, concerning pasture usage and herd management. For example, knowledge as to which winter/spring shelters were used by which family, became formalized by the administrative allocation of winter places. This did not necessarily respect customary tenure rights and informal agreements were no longer necessary. Moreover, intensification of production on the Suur-level resulted in a heavier grazing pressure on a limited range of herb species and led to a degradation of the pasture quality. In addition, the centrally organized provision of fodder let evolve a fundamentally different way of pasture usage management. This means that during collective times, the former strategies of moving animals within a dynamic structure of system carrying capacity vanished. As a consequence, a decline in collective action within local institutions occured. Bureaucrats, technicians and zootechnicians took over tasks which were previously dealt with by herders and diminished their experiential knowledge, as Mearns (1993:22) notes. He (ibid.) describes a general tension between the attempt to follow the party line in modernizing livestock production and the recognition that traditional Mongolian herd management strategies and practices were in fact most appropriate to Mongolian conditions (e.g. in terms of selective cross-breeding using non-indigenous livestock breeds to upgrade the gene pool).

178. To Mearns (1993:21) there is evidence that some neighborhood groups moved outside their Soum territories regularly when the Soum was short of pasture. Sometimes even the entire collective needed to move to Aimag or state reserve land.

179. Following Hirschberg (1965:317ff.), Thiele defines nomadism as "(eine) auf Herdenviehzucht basierende Wirtschaftsform, charakterisiert durch die Ausschließlichkeit der Viehzucht als Grundlage der Ernährung, sei es durch direkten Konsum der tierischen Produkte oder durch Tausch dieser gegen Landbauprodukte. Damit verbunden ist eine ständige Bewegung der gesamten Gemeinschaft, dirigiert durch die jahreszeitlich wechselnden Weidemöglichkeiten für das Vieh. (...) Für diese Nomaden sind ihre Herden nicht nur Wirtschaftsbasis, sondern auch alleinige Nahrungsquelle...", see Thiele 1982:235.

Claims to land, water and other natural recources increased during collective production because of the restrictions on available resources. Their settlement became more and more the task of the Soum and Bag authorities, so that customary institutions for the settlement of disputes became unnecessary.

The increasing provision of services, supplemetary livestock feed and other inputs by the collective tended to lead to a decline in mobility in general and brought about a preference to remain closer to the growing Soum-center. As a consequence, pastures around Soum-centers became heavily degraded. This trend increased after decollectivization, as illustrated in chapter six. The services and the authoritative power of the administration significantly diminished the herders' perception of the environment as a threat which must be reacted to with solid and functioning customary institutions.

- Changes in property concepts for land tenure

There were significant differences in resource availability and quality between Soum territories under the new territorial-administrative structure. Some Soums lacked areas for winter and spring grazing and local herders had to move out of the district in response to the heavy Dsuud approximately once every five years (Bazargür et al. 1993). The possibilities for movement to overcome these disparities and meet animal feed requirements gradually became more restricted and subject to bureaucratic regulation, especially when collectivization was completed in 1959 (Mearns 1993:20).

For the process of carrying out such regulations, the collectives had a perpetual right to occupy the land on which they carried out their activities, though formally land ownership remained vested in the state (Whytock 1992:21). It seems to be important for the current perception of land ownership issues that land became customarily defined as "common property" by the members of the collectives. This perception did not change after decollectivization since pasture land, according to the new constitution (1992) became basically "open access" through the implementation of the clause (Art. 6,2): "The land except that in citizen's private ownership, as well as the subsoil with its mineral wealth, forests, water resources and game shall be the property of the State"[180].

This notion is important for the possible impact of state plans on taxation on the one hand and the herders' reaction to state intervention on the other hand, since their perception runs counter to legal provisions[181].

180. See Gonchigdorj, R. (ed.) 1992, The Constitution of Mongolia, Ulaan Baatar.
181. For a more detailed discussion of land ownership issues see chapter two "The legal framework".

- Conclusion

The paradigm of centrally planned economy at the Negdel level resulted in relatively stable and undisturbed production, though under conditions of tough control mechanisms and costly subsidies on the part of the state. This process was accompanied by rigidities and limited individual freedoms and resulted in the diminishing of entrepreneurship of individual herders and groups[182]. A significant number of herders accepted this type of economic mentality to the cost of former innovative behavior. What seems to be even more crucial for the present state of chaos, their knowledge of customary patterns of mutual assistance, herd management, resource allocation and risk management was diminished.

Therefore, it is interesting to see that many of these patterns were revitalized and referred to in the course of decollectivization[183]. This hints to the fact that under Negdel production it was still possible for neighboring herders to form mutual expectations of each others' actions, regarding the use of common property.

Despite the mainly positive aspects nearly all authors agree on, there is no doubt that the economic reorganization was accompanied by a gradual but fundamental social change. Social and cultural values did not remain undisturbed. Rosenberg (1977/1981) described in detail how efforts by the party influenced every aspect of life, especially social practice. First, relatives were prevented from close economic cooperation. There was a ban on several cultural elements, concerning religious and family rituals. The display of jewellery was regarded as a relic of feudalism and critized. According to Potkanski/Szynkiewicz (1993), the party strategies aimed at a sort of Westernization in the Russian style, the only known and admissible in Mongolia. The emergence of Soum-centers as a center of economic, social and cultural activity and urban-oriented lifestyle was brought about by Russian influence. Thus, dependence on the center increased with the reduction of spatial distance between a herder and his administrative center. "The herder received his earnings in the center, he spent them there, his children attended school in the center. Though much power was delegated to the brigades, the centre retained attraction for being the only urban village drawing in the nomads, but also a focus for a new type of local community" (Potkanski/

182. Mearns (1993:25f.) states that this was true for the past centuries of hierarchical, feudal organization, followed by seventy years of socialist command planning. The bounds within which herders operated were clear, known and predictable. The liberalization of the economy in the reform process contrasts for the first time with such hierarchical structures.

183. The drawing of grazing ways according to artificially fixed boundaries deprived many herders of their Tursun nutags, what brought about their opposition. Many of them are now, in the course of reallocation of pastures, on their way back to their 'home' pastures.

Szynkiewicz 1993:5). This latter notion is interesting for the developments going on in the Soum-center where I carried out research (see chapter four "Case study of B.-Soum"). Nevertheless, all efforts at the implementation of more urban oriented features into rural life did not increase economic incentives for herders, as Humphrey (1978:150) notes. Herders did generally not favor to accumulate money since supply with consumer goods was limited and the possessment of goods was considered inadequate for the migration moves, an observation which will be further dealt with in the following chapters. In advance, I will shortly summarize the marketing situation in the year 1993.

6. The present situation of rural marketing facilities

Whereas in 1919 the rural economy was the main branch of the national economy, producing 87,3 % of the national income, in 1940 it had fallen to 61 %, and in 1989 it only made up 19,9 % of the Gross National Product[184], due to the expanding industrial sector[185].

In the course of a sharp decline in industrial output, due to the recent changes, the agricultural and livestock production gains increasing importance for the national economy and for export goods. It is even assumed to become the leading sector in Mongolia's recovery, since it "can generate employment, it has great growth potential, and it will have a direct impact on reducing poverty."[186] In fact, nearly the only potentially available resource at present is livestock, but the government lost its procurement power since the abolition of the former marketing and production system, although it tried to maintain control through various measures:

In the year 1991, it founded two organizations, the Agricultural Commodities Exchange (ACE) and the Central Procurement Cooperatives Union (CPCU) (see also chapter two, figure I). The latter is the central organization. It is responsible to member unions, namely 20 local procurement cooperative unions, or Consumer Cooperatives, (CC) in the 18 Aimags and two cities of Mongolia. The CC's are the privatized branches of the old Department of Trade and Procurement and function as shareholders' companies. The CPCU is subject to the administrative oversight of the Ministry of Trade and Industry, Ministry

184. See Sloane 1991:32.

185. The added value of livestock accounts for about 70 % of the outputs of the agricultural sector. By 1990, agriculture based commodities, mostly processed livestock products, accounted for 43 % of Mongolia's exports, see The World Bank/ UNDP Mongolia 1993a: 1.

186. See The Mongol Messenger No. 23 (153), June 7th, 1994, interview with Keith Griffin. UNDP poverty alleviation mission.

of Agriculture and other government organizations. It functions independently from the ACE.

The Agricultural Commodities Exchange was founded by the Mongolian Government in December 1991 to provide an exchange between rural and urban areas on free market principles. At the end of 1992, the ACE was staffed with over 2,000 brokers or agents, 500 of whom function as dedicated procurement agents for specific industrial entities. Brokerage firms for individual procurement transactions are spread over the country. Such firms usually consist of 3 or 4 "local area" brokers who act as the ACE's direct procurement agents with farms and herders. They are connected to local representatives in the Aimag centers and in Ulaan Baatar, who in turn are responsible for supplying the procured goods to the appropriate buyers, whether private or under state control[187].

Both agencies became heavily subsidized by the state through assets and credits. They were legal private companies, but the state still imposed orders on them and maintained the ration system through the CPCU until August 1993. Both had to deal with state-fixed prices until autumn 1993 and the fulfillment of state orders, although the state did no longer possess the means for sanctions in case the companies did not meet the orders[188].

The ACE and the CPCU, central to the government's state order plans until autumn 1993, had both received the same orders which they had passed to the representatives in the countryside, first the Aimag center offices and unions and then the local branches. During this process, the Aimag-specific state order had been allocated to the Soums of the Aimag. which received the specific procurement targets. The local brokers on the Soum level could issue the state procurement orders to the herding families. The mechanisms of both agencies, with regard to procurement activities, was quite similar. The local brokerage firm of the ACE and the local cooperative of the CPCU had to negotiate on the quantity, price and terms of payment with sellers. The sale of animals and meat had been subject to the strictest state orders, in terms of volume supplied and price[189].

Nevertheless, informations of the State Statistical Office indicate that in 1992, compared to 1991, the actual procurement was extremely below the planned

187. See The Boston Consulting Group 1992:29. The central ACE brokers were responsible for directing wool to the wool washing plants, skins to the tanneries and live animals to the meat processing plants. The functions of the local area brokers are described as even more extensive (ibid.). They monitored herd sizes and production, determined actual quantities of animals and products to be sold to the ACE and negotiated prices and forms of payment like cash or essential consumer goods.

188. See also Edström 1993:140 and chapter four "Marketing in 'Newlife' Negdel" and chapter six "Entrepreneurs in B.-Soum".

189. See The Boston Consulting Group 1992:30.

standard. Like the CC's and other parastatal trading companies, the ACE still did not have the competence to trade under free price conditions. Although the price of meat had been finally freed in June 1993 for private traders and meat rationing accordingly given up in August, the Aimag governments still had a controlled price policy for the officially procured products[190]. As a consequence, such parastatal agencies found it increasingly difficult to buy animals at low prices and tended to loose ground to the competition[191], the private traders. They, in turn, lacked institutional support, so that in general trade transactions by private enterprises remained unorganized to a high extent. Further, all market operators had serious problems with lacking transport facilities and information supply and in raising cash to buy animals and animal products.

Local banks lacked sufficient amounts of cash, even if their customers had large deposits on paper. Interest rates for borrowing cash were extremely high at 20-25 % per month. According to Edstrom (1993:148), the first problem is related to the inefficiency of the Mongolian banking system, which lacked familiarity with operations within a market environment. Thus, the rural state owned Agricultural Bank' was governed by local administrators whose interests often prevailed commercial considerations. Only the ACE, CC and some other state-linked agencies could receive subsidized credits, while private operators had little access to it.

- Conclusion

The government attempted to secure the nutrition needs of the urban population and maintain export materials through the procurement of rural products in the same manner as it did before the changes. The crucial point for its failure though was the fact that the remaining state order system should function under conditions of changed property rights. The privatization process was underway simultaneously and, as described in the following chapters, it had quite unexpected consequences for the national market. One main reason is that the state procurement prices were significantly lower than market prices[192]. It turned out that private entities were willing to pay higher prices for the products and thus outbidded the state. As one consequence, the ACE brokerage firms started to sell to private traders prepared to pay competitive prices.

190. See Edstrom 1993:146.

191. One reason for a general decline in membership is the fact that the ACE charges a commission fee of 1.5 % on all deals done between buyers and sellers. Clients tend to leave the ACE in favor of barter trade transactions or trade with private entrepreneurs, according to informants during fieldwork.

192. The state price offer amounted in average to only one fifth compared to offers by private buyers.

The liberalization of prices for livestock and livestock products was delayed until 1993, while other prices were liberalized in 1991 and earlier. Thus, livestock producers faced a continuously worsening economic climate from the 1990's on. It has to be noted that the main purpose of selling livestock for herders is the procurement of basic necessities such as flour and rice. There is little reason to sell reproductive assets for cash, facing the demands of a mobile lifestyle, an inefficient banking system and high rates of inflation[193].

Concluding, it can be stated that continued government involvement in the livestock marketing, and in the banking and fuel sectors, was justified considering the necessity to maintain a certain quantity of nutrition and export material needs. But undoubtedly, there was an unfortunate simultaneity of change in property rights (privatization of livestock), collapse of domestic marketing facilities (due to liberalization and decline in subsidies) and the dissolution of the public institutional structure.

193. One very important factor for a functioning private livestock economy is the provision of veterinary services and medicines. For the majority of producers in the livestock sector, a very significant input, the cost of which increased dramatically, are veterinary drugs. Veterinary services and subsidized drugs have previously been provided by the Ministry of Food and Agriculture, but like other government services they were no longer sufficiently available.

Chapter Four

CASE STUDY OF BAYAN-UUL SOUM IN HUVSGUL AIMAG

1. Introduction

The following chapters deal with a local view, namely an area far from the capital of Mongolia. The informations provide an insight into the conditions that influenced the inhabitants' activities of the Soum where I carried out fieldwork twice. The case study of Bayan-Uul Soum will serve as an example of decollectivization. The process of reallocation of resources was nearly finished in rural Mongolia at the time of research in 1993. The changed property structures and the abolishment of the former system marked the starting point of a process in which a variety of new forms of social and economic integration came into being, a process which is far from being completed and which bears lots of possible outcomes and tendencies for the future.

Since privatization was the turning point of all changes in the rural livestock economy, emphasis is laid on this event. The informations of the following chapter are based on interviews and talks with administration employees and other informants, as well as on the only available document about the Soum. published in 1976[194].

2. Huvsgul Aimag

Bayan-Uul Soum is one of 24 Soums of Huvsgul Aimag. In collective times, there existed 19 Negdels, two state farms and two cities, each being the territory of one Soum[195]. Huvsgul Aimag was founded in 1931. It comprises an area of 109,200 skm and is surrounded by the Zavhan, Bulgan and Arhangai Aimags. In 1992, 119,133 inhabitants (58,562 male, 60,571 female) were registered, 37,903 of whom were herders. Ethnically, the inhabitants of Huvsgul Aimag consist of Khalcha 82.8 %, Darhad 12.8 %, Urjanchaj 3.2 %, Buryat 0.8 % and

194. To prevent the identification of the respondents, names of localities and people are changed in the following description, all data are either generalized or slightly rounded up or off.
The material was collected during the stay in the Soum in June/July 1993 and recorded in summaries shortly after interviews or participant observations.

195. According to Midjigdorj, statistician of Moron administration (personal communication July 21th, 1993).

about 300 Tsaatan[196]. In the year 1992, 1.747,500 head of animals were counted in the Aimag, camels 5,600, horses 169,700, cattle 323,400, sheep 941,600 and goat 298,200[197]. According to these numbers, Huvsgul Aimag is one of the richest Aimags concerning livestock population in relation to inhabitants.

Huvsgul belongs to the Hangai zone (high mountain zone), one of five ecological zones of Mongolia, with a high number of deep mountain valleys, streams and rivers and little arable land. Wheat production is low and grain has to be imported from other areas. In Negdel times, nearly all additional animal fodder for winter had been imported. Until the end of 1991, the Negdel organization was still predominant in Huvsgul Aimag. Mearns (1993:12) assumes that "Regional variations in the pace and extent of decollectivisation can partly be explained by the degree to which herders' interests are being served by the collectives in respect of risk management". This means that in general privatization proceeded more slowly in regions with unpredictable changing climatic conditions. In addition, due to the natural conditions of Huvsgul Aimag. fodder supply for the winter/spring period had to be imported from other areas to a huge extent, organized by the Negdel administration. These might be reasons why the Newlife - Negdel (equivalent to the territorial unit of B.-Soum) dissolved relatively late compared to other Negdels in other Aimags where decollectivization had been finished in 1991 already.

For the process of privatization, all Negdels were turned into "companies with animals" (maltaì kampani). Afterwards, most former Negdel members founded "companies without animals" as successors of the transition companies, according to the MPR law on economic entities that was put into force in 1992. Soon after 1992, all over the country herders tended to leave the newly founded companies and cooperatives in favor of individualization of the private household economy.

The privatization process took place in manyfold ways, e.g. in many Soums the officially determined value of the coupons (3,000 resp. 7,000 TG) was changed according to diverse distribution mechanisms and livestock was not available for everybody[198]. The B.-Soum was the only one in the district which privatized in the way prescribed by the privatization law, concerning the use of equally valuable coupons. The conditions connected to the latter were mainly determined by the relation of the number of inhabitants to the number of livestock.

196. The Tsaatan are the only reindeer breeders in Mongolia with about 1430 reindeer left in two Soums in the Northern part of the province, at Huvsgul lake.

197. All data provided by Lhadjindjav, Moron administration (personal communication July 22th, 1993).

198. See chapter two "Interest groups at national level".

3. The Soum's geography and history

The territory of Bayan-Uul Soum (in the following B.-Soum) comprises about 3,500 skm. 70 % of its area consists of mountains and forests and lies between 1,800 to 3,000 m above sea level. Only 30 % of its area is convenient for pasture usage. Some of the mountains are snow-covered throughout the year. Large rivers, streams and waterfalls provide sufficient water supply to the camps. According to statisticians[199] at the administration of Moron (capital of Huvsgul), B.-Soum is the 8th in a range concerning the number of animals.

The Soum got its administrative boundaries in the early 1930s. 400 families (about 1,000 persons) and 30,000 head of livestock were registered then. In the second half of the 1950s, some herders initiated two separate collectives, joined by 13 respectively 24 families with 800 resp. 2,000 head of livestock. Two years later they united and founded the Negdel. called "Newlife" in the following. In the year 1976, the collective counted 700 families and 70,000 head of livestock, its fixed assets were estimated being worth 3 millon TG. The average annual income of the Negdel was 3.3 million TG, 60 % of which amounted for the members' salary.[200]

According to the 1976 publication, the Soum-center already had a medical branch for human and veterinary care, a secondary school up to the 8th grade, kindergarten, hotel, cafeteria, telephone and post office, electricity station, official bath, cultural center, library and bank office. Most of the mentioned service institutions were established and financed by the government. More than 30 % of adults had high and secondary or vocational education, 90 % of the families of B.-Soum had access to radio and to 2-3 journals or newspapers informations. The collective consisted of four Brigads, each of them provided with human and veterinary medical stations, bath and shop. Telephone communication with the Soum-center and to Ulaan Baatar was possible.

During the period from 1966-77, the number of livestock was increased 126 %, the value of fixed assets tripled and the annual salary of the collective's members rose by 110 %. Since written information about the place is fairly limited, the following insight into some statistics concerning the current situation is based on information provided by administration employees during my fieldwork.

In advance, a short description of the ethnic group of Darhad people, who represent only 0.3 % of the Mongolian population, seems to be necessary, since

199. Personal communication, Moron, July 30th, 1993.
200. According to publication of B.-Soum. Moron 1976.

they occupy exactly the territory of B.-Soum and two other Soums in Huvsgul Aimag.

4. The Darhad people[201]

In contrast to most other former socialist countries, ethnic differentiation did not cause conflicts as a result of vanishing state control in Mongolia. One reason for a comparable low conflictory potential might be the fact that the vast majority of the Mongolian population are Khalcha-Mongols (79 %). Other ethnic groups maintained their traditional native grazing areas. No big resettlements of groups have taken place in Mongolia. The only group with a Turkic language, the Kazakhs, were granted autonomy in 1940 in the Western province of Bayan Olgii.

Contact between the different ethnic groups emerged for the first time in the past 30 years as a consequence of increased mobility due to industrialization and urbanization. As an expression of Marxist politics concerning nationality, in the Mongolian constitution of 1924, all people living on Mongolian territory were granted equal rights in every respect. Interestingly, in the past 70 years of socialist rulership and even after the liberalization, there were no cases of conflict due to the ethnic divergence of Mongolia recorded. In Ulaan Baatar, the only resentment against an ethnic group was the Mongolian perception of the Kazakhs, mainly concerning Islam and "backwardness" associated with it.

All Mongols are members of Mongolian- or Turkish-speaking groups, whose languages are ascribed to the Ural-Altai language stock, marked by a similar grammatical (agglutinative) structure. The Khalcha Mongols' origin goes back to the times of Cinggis Khan. After the decline of the Mongol Empire in the 14th century[202] the population of the old place of origin preserved linguistic and ethnic-cultural features, which served as the basis for the ethnic group of the Khalcha Mongols. Other groups are the Mongolian speaking Buryats, about 30,000 of whom live today in the border area of the former Soviet Union. The main Turkish speaking ethnic groups in Mongolia are the Kazakhs in the

201. Due to the lack of material about the Darhad people today, the informations are based on the publication which was distributed at Naadam 1993 about the B.-Soum. called "Maanar", further an article in "Erh Chuluu" of March, 14th, 1991 and my host's informations. See also Hartwig (1989) on nationalities in the Mongolian People's Republic.

202. According to Hartwig (1989:55), Mongolian and Soviet researches in the 1940s stated the formation of Mongolian speaking clans in the 8th century a.c. in the area of the rivers Onon, Cherlen and Toola. At the turn from the 12th to the 13th century, under the rule of Cinggis Khan, these and neighbored non-Mongolian speaking people unified.

Western Aimag Bayan Olgii, who make up 5 % of the population living on Mongolian territory[203].

Another 7 % of the Mongolian population belong to the West Mongolian-speaking group, living in the Aimags Uvs and Hovd. These people, who consist of several ethnic groups, are together called Oirat (Ojrad). The Darhad people, about 7,000 living in Huvsgul Aimag. are regarded as belonging to the Oirats.

Together with the Urjanchaj who lived in the same area, the Darhad became serfs of the Bogd-Gegen, the head of the lamaist monastic nobility in pre-revolutionary times, at the end of the 17th century and were converted from Shamanism to Buddhism. Mongolian researchers like S. Badamkhatan[204], dealing with the ethnic differentiation in Mongolia, claim that the name "Darhad" was associated by Buddhist leaders in that area with "reliable Shabi"[205]. Huvsgul Aimag is known in Mongolia as bound to an old shamanistic tradition, which origins in the remote and unaccessable nature of the high mountain zone. According to the newspaper published at Naadam 1993 about B.-Soum[206], in historical sources like "The Secret History of the Mongols"[207], the Darhad were called people or inhabitants of the forest and secluded areas. The Darhad were, according to Badamkhatan, first recognized as an independent group with own features in lifestyle and language within Mongolia at the beginning of the 20th century. He also counts the Tsaatan reindeer breeders as a part of the Darhad due to the Darhad's belief that they are their descendants, whom they call "black Darhad". Other sources, like Hartwig (1989) categorize the Tsaatan as being of Turkic origin.

Concerning religious practices, shamanism was quite popular among the Darhad people until they were converted. After that and even through the past 70 years of socialism, some shamans resisted in secret. Today there is a revival of those who still kept shamanistic traditions. This might be the reason why

203. After the economic and political liberalization of Mongolia the Kazakhs started to leave for Kazakhstan in the former USSR on labor contracts. In June 1994, their number was estimated 60,000 of originally 140,000. Some returned shortly after they had left. In their "home country" they had been looked upon as traditional and backward due to their nomadic lifestyle. In addition, the economic situation in Kazakhstan did not allow for prosperous future perspectives.

204. Badamkhatan (1965) published some scripts on the Darhad, based on studies in the 1960s.

205. Shabinar were people in direct obedience to the religion in pre-revolutionary times, not bearing any obligation to the government, but to the monastery they were student of. Shabinars lived in monasteries in Huvsgul and Sukhbaatar Aimags, both favored by the Bogd Khan.

206. See Maanar 1993, page 3.

207. See Taube, M. (ed.), 1989, Geheime Geschichte der Mongolen, München.
This script is the oldest and most distinguished source of Mongolian literature, written by an anonymous author in the first half of the 13th century. It mainly deals with the origin, life and political rise of the emporer Cinggis Khan. Also included in this linguistically and lyrically unique work are the emperor's defeats, doubts and personal characteristic features.

some informants in B.-Soum shared the opinion that the Darhad are in general less bound to Buddhism than other Mongolian groups.

The identification of differences between Khalcha and Darhad is a difficult task. Historically, the West Mongolian Oirats were defeated by the Manchu, who ruled Mongolia from 1644 to 1911, quite late, in the middle of the 18th century. Soon after the conquest in Western and Northern Mongolia, uprisings against the new rulers were defeated with immense cruelty.

In B.-Soum. although respondents tended to stress a difference between themselves as Darhad and the Khalcha Mongols, when asked for more details, nobody mentioned any feature except the language. The Darhad speak the West Mongolian Oirat language, which slightly differs from Khalcha in vocabulary and some phonetic and grammatical peculiarities. Further, informants in B.-Soum ascribed some features to themselves as a distinct group, like being straightforward and frank, realistic and sharp-witted and not much believing in the irrational[208].

The only conflict observable during my fieldwork was at Naadam, when after the consumption of vodka there were lots of fights going on between Darhad and Khalcha. A huge amount of armed policemen from Moron and Ulaan Baatar was present at the games to prevent the escalation of conflicts. When I tried to get some background information on the conflict I was told that these fights always happen, no matter whom the two groups consist of. On the local level (in the Bags) there would be the same aggressions even if all people were only Darhad. Only when people meet at Naadam in the center, the conflicts arise along ethnic lines. Nobody I asked could name any reason.

Theoretical considerations of the meaning of ethnic identification concern special individual or collective ambitions to identify with a certain ethnic group. These ambitions may turn out to be only of temporary significance for the actors. The self-identification or the ascription of ethnic affiliation may be based on constructions which are designed "in order to invent the past, they are contemporary political phenomena" (see Wallerstein 1990:97, transl. by S. S.). 'Reality' or 'history' may be constructed for a special purpose. In case of change or modification of the purpose, the composition of ethnic groups often proved to change too.

208. According to Mergen, the key informant, and guests in his Ger, June 20th. 1993.

5. The Soum's administrative structure and population profile

The Soum consists of five administrative units, four Bags (former Brigads) and the center. About 4,000 people were registered (1992), i.e. 1.2 persons per skm (the avarage number for Mongolia is 1.4 persons per skm). The number of animals comprises about 100,000. The inhabitants of the Soum live in 950 households, of which 600 are herders' families. In the center, 320 households (1,300 people) were registered. In Negdel times, there were about 100 people more living at the Soum-center. but due to the administration's efforts in 1992 they moved to live in the countryside[209].

Statistics on the sex and age profile of the inhabitants show that the number of females exceeds the number of males by 220. About 1,850 children under the age of 16 were registered in 1992, about 1,960 people between 16 and 60 and about 260 exceeded the age of 60.

6. Marketing in "Newlife" Negdel

The "State procurement trade cooperative", which served in every Negdel for the exchange of goods between urban and rural areas, was the central institution to organize and maintain the fulfillment of the yearly procurement plans of the government. It was linked to the procurement cooperative in Moron and as a further category to the Central Procurement Cooperatives Union (CPCU) in Ulaan Baatar[210]. The members of the collective had to deliver to the cooperative butter, milk, cream, animal furs, sheep, goat[211] and camel wool as well as livestock, which was brought to the state slaughter house in Darhan city or to Erhuu in the former Soviet Union. Sometimes the Cooperative negotiated with the collective on the acceptance of privately produced goods of the collective's members (concerning overrealization of the planned target)[212].

209. In summer 1992, the administration had asked all inhabitants who had become unemployed or were pensioners not to stay near the center with their private herds because the animals would overgraze the pasture around the center.

210. See chapter three "The Negdels, Production and marketing".

211. Cashmere goat wool (Noluur) serves as one of the most valuable animal products for export, processed into cashmere products in Ulaan Baatar.

212. Today, the successor of the cooperative is neither linked to the state nor to the collective but tries to serve as a trade exchange institution for the former Negdel members, see chapter six "Entrepreneurs in B.-Soum".

7. The privatization process and the "Newlife" company

A pre-step to full privatization was introduced in early 1991 by the Mongolian government. It proposed a lease of animals to individual families against the delivery of animal products and meat at fixed state prices. Further, any product above the agreed delivery amount and new-born animals was defined as the herders' property according to the lease. New production incentives were planned through the sale of products on the open market, at auctions, and the participation of herders in the profit instead of delivery of goods at fixed stable wages. While a salary was offered as before, herders now were quasi-owners of their products.

The whole procedure of commercializing the Negdels and turning them into companies was planned as an intermediate step to privatization, since in case new born animals were in private property, the company herd would not grow. On the administration level, the innovation was accepted, since the old Negdel leaders could keep their positions. While herders at first sight valued on the lease arrangement as a compromise between their own and the leaders' interests, it turned out that many of them were soon dissatisfied with the company performance[213]. In B.-Soum, even the implementation of the lease arrangement failed to succeed. According to an informant who was elected head of the second Bag and who had to organize the introduction, only 70 of 156 households in the Brigad were willing to accept the innovation.

The failure of this innovation happened in B.-Soum simultaneously with the new law on full privatization, which was not less difficult to implement in the Negdels and demanded huge organizational costs and efforts, as the problems which arose in the privatization process of the "Newlife" Negdel indicate[214]: The former head of the administration called all Negdel members to a meeting in May, 1991. About 200 members (of about 1,000) were present, who discussed the difficult question of how to privatize the Negdel's property. At the members' meeting it was decided that all inhabitants of the Soum, regardless of age, profession or membership should receive vouchers of equal value as proposed by the state privatization law. B.- Soum was the only of the 24 Soums existing in Huvsgul Aimag, that decided on equal destribution to all inhabitants.

The main purpose of this decision was the fear to loose animals to other Soums. The high number of animals in relation to people in that area and the price of the animals which had to be in line with the official market price, made this procedure the only possible one. Since pricing was one of the main points of

213. See Potkanski/Szynkiewicz 1993:57.

214. Informations provided by Mergen (key informant) and administration employees on June 26th, 1993.

discussion, it was finally the leader's decisions on prices which were fixed for each group of animals. While the former Negdel members were still used to the relative stable price of 130 TG per sheep-unit, due to inflation in May 1991 the official price was already 260 TG (June 1993:2,000 TG). This was the price fixed at the meeting. The problem was that it was so high that the vouchers of 3,000 resp. 7,000 TG of each inhabitant of B.-Soum were not sufficient to distribute the animals only among themselves. According to the privatization law, no animals were allowed to remain in the company's property so that the remaining 2,000 animals of the Negdel had to be sold to outsiders. These were either people belonging to other areas, who had been inhabitants of B.-Soum before, or friends and relatives of "Newlife" Negdel members. They transported about 1,500 animals out of B.-Soum. This was exactly what the members had tried to prevent, by fixing lower prices. Moreover, the problem of individual claim to species of animals was solved by the proportional composition of herds, according to the structure of the total herd, i.e. each person had the right to receive 13 sheep or goats, 3 cattle fell to 2 persons' share and one horse to 6¬ 7 persons' share[215].

Some of the state employees collected the tradeable red coupons for the "small" privatization and brought them into the former state trading company which now became a shareholders' cooperative. The "small" privatization was finished in 1991, the "big" one (coupon TG 7,000) end of 1992, concerning the distribution of livestock. In December 1992, the new trading company, now "company without animals" according to the law, was founded. Like its name (Newlife), the head of the former collective was taken over as the head of the new company. Those who were members of the former collective in most cases became members of the new company. Further, all children above the age of 16, who received animals through their vouchers became members. While the Negdel counted about 1,500 members, the newly founded company consisted of 2,210 members (523 hh)[216].

About 110 former Negdel members had left the company to establish their own private economy soon after the transformation from Negdel to company in December 1992. This number is, compared to Soums near B.-Soum. relatively low due to the fact that the company was newly founded. It was expected that more members would leave soon because of the low incentives and little advantage of being a member. According to guidelines of the State Privatization Commission, the companies' administration should try to prevent the leaving of

215. Informations provided by Shura, stastistician, July 7th 1993.

216. Informations provided by the head of the company, Sukhebaatar (who has been the last leader of the collective) on August 7th, 1993.
About 1.000 of the 2.210 members were between 16 and 60 years old and about 950 were children under 16 and 260 pensioners. 180 of 523 households were headed by private herders. The former state and Negdel white collar workers owned about 6.8 % of the total herd.

individual herders because the organization structure should be maintained as long as central services were in force and to assure its main function, the marketing process.

98 % of the former Negdel's animals (70 % of the Soum's herd, 30 % had already been in private hands in Negdel times) were privatized in summer of 1993, the rest was sold to outsiders or remained in state property (school, hospital etc.). According to the head of the company, its members were still obliged to deliver animal products to the company, date and quantity were not fixed. If possible, the company paid directly in TG, but due to its money shortage it could only offer some essential commodities like flour or rice, if available. At the beginning of each year its members would receive their share, according to the amount of delivered goods.

While in the "small" privatization machines and animals were sold, in the "big" one, besides animals, buildings and winter shelters should be sold. The process of privatization of the fixed assets like winter shelters for the animals and stores still went on in autumn 1993, although, according to the Privatization Law, it should have been finished in September. Nobody at the administration knew any details about the winter places, it was only estimated that now there were about 260 winter places, while in Negdel times their number was about 160. That means that many of the former users left the places to build their own new ones, together with those families they chose to work and live with. These were, in B.-Soum, usually related families and the Khot Ails were smaller than the former Suurs. namely consisting of 2-3 Gers[217]. Up to July 1993, the new places had not been registered. Even the heads of the Bags did not have any information, although the herders were obliged to announce the amount of wood needed for the construction of a new winter shelter, at the Bag administration[218].

The property of the newly founded company consisted of eight cars (Negdel: 20), 10 tractors (Negdel: 20) and 70 buildings (Negdel: 100), further about one million TG. It did not need to take up any credits and its leader hoped to have some profit to distribute to the members in the beginning of 1994, those members younger than 16 years old not being taken into consideration. One of the very expensive activities of the company was the organization of "Otor", long distance herding. This is generally carried out in spring, when the herds are threatened by climatic changes and all through the winter from October until May/June, when there is not enough fodder available to feed all animals. In collective times, this task was well-organized and supported by the

217. See chapter five "Patterns of mutual assistance".

218. All herders had been instructed not to procure their wood supply without registration, but it was guessed that this was ignored because of the relative high price of wood (1 sm 124 TG).

administration, while the company was only to some extent able to organize the big movement of herders and animals. According to Sukhebaatar[219], there were 50-60,000 animals in the Soum when it was founded in 1956. This number of livestock had been convenient for the size of the available pasture in all four seasons. Now that there existed about 40,000 head of livestock more in the Soum, herders had to move their animals each year to eight other Soums in the area. In spring, when special cold spells were expected, the animals even had to be moved up to 400 km far from B.-Soum. This had been the case in 1981, when 8,000 animals of three Brigads had to leave because of severe frosts. Nevertheless, each year 1-2 % of the total herd gets lost in frost or through accidents and illness when the animals are weakened on their way back to their Bag. The lowest number of animals had to be moved from the fourth Bag (former Brigad) of the Soum. where pasture was not as scarce as in the other administrative units. Two of the Bags were restricted by the Russian border, so there was not much space to switch to neighbored areas. According to another informant, the 1,500 animals which were lost in spring 1993, died because of the poor organizational capacity of the new administration, which was denied by the leader of the company. He stated that the company helped 160 families to move 70 % of the Soum's herd to eight other Soums. Even non-members were helped to organize the Otor.

Since there was no more fuel available, transport became rather difficult and expensive. In case a car was ready to carry the herders' personal staff, it cost between 8,000 to 10,000 TG or some animals as a payment. Camels as a means of transport became important, but due to the fact that they were all privately owned they were not available for most of the people. The 550 camels existing in B.-Soum had all been privately bought from outside of the Soum in collective times. The Negdel did not possess any.

8. Social structure and employment

For the investigation of changes in status and perspectives after privatization, a classification into occupation and income groups is needed. Like in all of the former 255 state collectives, in "Newlife" there were state employees, with the status of "worker" or "white collar", as well as Negdel employees on the same two status levels. A third category were the Negdel herders. State employees worked in the Soum-center's hotel, hospital, kindergarten, post office. They had received a monthly salary until in the second quarter of 1993 the government failed to pay for their services. Every Bag had state representatives, e.g. two human and two veterinarian doctors and a head of each Bag, who before the changes had been employed by the collective and then by the state.

219. Head of former collective, personal communication on July 11th, 1993.

According to the retired former head of the collective[220], in Negdel times there had been about 140 people employed by the state with "white collar" and "worker" status. Concerning employment by the Negdel. about 160 people had been employed in both categories. It is notable that only 27 persons of 160 had been employed in the "white collar" category (and about 140 were "workers"), while in state employment half the group (about 70 persons) held the status of white collar employees. That means that the group with the highest income was represented to a large extent by state employees who had not been members of the collective.

In order to provide a closer look at the employment structure, in the following all occupations carried out by state and Negdel employees are listed. Informations about changes in employment are added. All data should be treated critically due to the many different informations provided by different people. My results are based on an average estimation of the data. Informants were the company's statisticians, the former Negdel's leader and key informant Mergen.

State employees (white-collar and workers)

	Negdel times	**After privatization**
Administration	5	4
Head of Bag (had been Negdel employee)	0	4
Party executives	2	0
State trading concern	18	0
Hospital	12	10
Post office	5	5
Central culture club	4	2
Teachers at school	34	15
Workers at school	20	10
Kindergarten	15	12
Veterinary specialists	8	5
Service	12	0
Youth association	1	0
Milk factory	1	0
Shoe factory	10	0
	= 147	**= 63**

Source: own data collection

220. Personal communication July 16th, 1993.

84 people employed by the state became, for various reasons, jobless after the changes. Some had to quit their jobs because of their salaries being delayed or not paid by the government or because their jobs were abolished. It is to bear in mind that all of them stayed in B.-Soum. Except for three persons born elsewhere, none of the state employees belonged to another territory. Many of the state employees had been educated in Ulaan Baatar, some even in Moscow. Regardless if still employed or jobless, the state employees like all other rural inhabitants, had become highly dependent on subsistence livestock economy to overcome the shortages.

Negdel employees (white-collar)[221]

	In Negdel	In new company
Chairman	1	1
Deputy-Chairman	1	0
Bookkeeper accountant	1	1
Economist	1	0
Calculator	4	2
Cadre-administration	1	0
Secretary	1	1
Engine-engineer	1	0
Mechanic	2	1
Construction-engineer	1	0
Statistician	4	2
Heads of Brigads	4	0
Economy-calculator	4	1
Second statistician	1	0
	= 27	**= 9**

Source: own data collection

Only nine of 27 Negdel white-collar employees were taken over by the successor, the company. The other 133 persons who had been employed by the Negdel (not listed in the table) were workers employed as baker, driver, carpenter, construction worker, miller, in fodder preparation, procurement of firewood, water distribution etc. Only 30 of them could keep their job. To summarize, more than half of the total sum of 307 employees (103 Negdel- and 84 state employees) became jobless because of the dissolution of the Negdel. It

221. Due to the detailed knowledge of the keyinformant Mergen the informations concerning jobs carried out by Negdel employees are divided into a white-collar and a worker category.

is notable here that according to my observations and their confirmation by informants nobody in the Soum was removed from his/her job for political or ideological reasons. Instead, most of the people in former key-positions kept their jobs or even became newly elected.

9. Poverty lines and alleviation initiative

One of the first initiatives to make up for the loss of income and support was started by the government in April 1993. The Soum administrators had to identify the poorest households which should be provided with a monthly aid of TG 600 (about 1.5 US dollar) from October 1993 on. In B.-Soum, the commissioner for social affairs (such as pension) was responsible for the organization of the identification process. The heads of the Bags had been instructed to choose the households, considering the following main criteria: number and age of family members, employment of adults living in the household, number of unemployed family members able to work (above 16), pensioneers within the household and monthly amount of pension, number and productivity (kind) of private animals, the total sum of monthly income, estimated average income from private economy, the monthly sum available for each member, semi-orphan or orphan status, single-parent status and special conditions concerning the family. The fixed monthly minimum income was 1,030 TG, pensions between 1,200 and 2,500 TG. Among those households identified as poor, 173 people were registered as jobless[222], but the total sum of money available for support of the households was only sufficient for 30 families.

The identification brought about many problems. A comparison of the lists prepared by the five (including the center of B.-Soum) different heads of Bags reflected the chaotic variability in preferences of indicators for "poorness"[223]. Sometimes only one criterion was used to declare a household as being poor. In the rural areas, the measurement of poorness is an extremely difficult task. Inadequate marketing facilities, shortages in food supply from stores, delayed payment of salaries and pensions, caused by the breakdown of banking and security systems, had a considerable impact on expenditure and consumption patterns. The level of self-provisioning is extremely high among poorer households, where increased consumption of meat and milk products (in lack of rice, flour and sugar) beyond seasonal norms is observable[224]. During two years after economic liberalization, some households had faced a processual decline

222. See also chapter two "The social constraints of structural adjustment".
223. The lists were handed over to me for interpretation by the social commissioner of the administration, Tsetseg.
224. See Cooper/Narangerel 1993:29.

in food security and became increasingly vulnerable. These were in the first place older female household heads, low-income private herders, the latter mostly young and unexperienced. These households faced greater labor constraints and possessed fewer animals. Therefore, in absence of regular salaries and formal social security nets, they became highly dependent on support from customary institutions and practices which emerged at the local level. These institutions will be the topic of the next chapters.

Concluding this chapter, it has to be recognized that with decollectivization all inhabitants, regardless of their former lifestyle or position, were exposed to a situation in which subsistent food production throughout the year, based on privately owned livestock, became essential for survival. The state employees, who in B.-Soum had received animals equally to former Negdel members, were in a lucky position compared to state employees in other Soums, who became jobless by the changes and did not receive livestock through privatization, due to the former Negdel members' decision.

Chapter Five

THE IMPACT OF PRIVATIZATION ON HERDERS IN THE COUNTRYSIDE OF BAYAN-UUL SOUM

1. Introduction

In the following I will - after a short theoretical introduction - describe and analyze data resulting from two journeys to B.-Soum in 1993. The data quality and density of the two research periods are different and have been determined by unexpected circumstances[225]. The first part deals with the findings of the "winter"- trip to 10 different families living in a remote high mountain area in Huvsgul Aimag. The post-socialist developments this chapter deals with are similar all over the country, concerning institutional change in the pastoral social and economic system.

The second part (chapter six) concerns a more specific and yet quite unexplored field: the effects of privatization and economic liberalization on inhabitants of a Soum-center. This part of my research was carried out in summer 1993 in the center of the same Soum as in winter. Each subchapter of my following analysis ends with a conclusion, including a discussion of the subject.

Concerning the impact of changes on herders in the countryside, I will concentrate on those features which are shared by all 10 families visited in the fourth Bag of B.-Soum. from March 14th to April 15th, 1993. Due to the limited data basis, in this part I will only touch on the manyfold developments for herders' organization in the countryside and, for more detailed evaluation, refer to the rich findings of the PALD working group[226]. Nevertheless, my interpretation of observations allows for a conclusion which underlines a trend noticeable all over the country, namely the shift to private household production and mutual assistance of families, as the basis for subsistence economy and risk management. This trend was increasingly developing in the vacuum left after the abolition of the socialist system and collective production in 1991/92. For

225. See Preface "The Story of this Study".

226. The Policy Alternatives for Livestock Development (PALD) was a joint project of the Institute of Development Studies, University of Sussex, UK and the Mongolian Institutes of Research of Animal Husbandry and of Agricultural Economics. It aimed to provide information and skills to facilitate the liberalization of livestock economy. It began operating in July 1991. Various working and research papers have been published which give a valuable and excellent insight into the wide field of features and problems of the current situation, including the historical dimension and future perspectives.

an analysis of the changes, some theoretical aspects should be introduced with a discussion of their applicability.

2. The theoretical framework

A central aspect of the following discussion will be the maintenance, change and reemergence of institutions. Although I consider the identification and utilization of 'customary institutions' as addressees for governmental strategies as highly critical (as discussed in this chapter), I will deal with the institutional economics - approach. It offers a frame for the understanding of new organization, without leaving the actors' motives and choices behind. Following North (1990:3-4), "Institutions are the rules of the game in a society or (...) the humanly devised constraints that shape human interaction" (...) "Institutions reduce uncertainty by providing a structure to everyday life". Thus, among some other factors, institutional constraints determine human behavior and should be acknowledged.

This is, of course, common to many sociological theories and not an invention of economists. However to me, the institutional approach offers a tool to show the Mongolian actors' responses to the dramatic changes they have been facing since 1990. It includes a wide range of aspects which help to understand the actors' strategies, provided that cultural and ideological[227] features are subject of the analysis. Given the fact that constraints as culture and ideology shape human behavior particularly outside of market transactions[228], the outcome-oriented perspective of classical economists has to be widened; namely to a perspective which considers transaction costs and (collective and individual) rational choices on the one hand as contributing to the rise of institutions and on the other hand as being determined by institutions, within culturally and ideologically defined values[229]. Especially in transformation processes like in

227. Ideology refers "to the values and beliefs that determine people's goals and shape their choices", or what individuals consider to be in their self-interest, the latter referring to any values (e.g. social), see Ensminger 1992:5.

228. The notion of behavior outside of the market demanded for rational choice analysis by social scientists, distinct from the original applications of economists. This seems to prove true especially for an analysis of change like in the Mongolian case, where non-market activity is increasing due to uncertainties and inadequacies of market facilities. It is important to stress that non-market does not mean non-economic, see Popkin 1988:271.

229. Following Ensminger (1992:17) the notion of the latter aspect, as well as attention paid to evolutionary processes of institutions, are the extension or qualification of the original institutional approach, which the author classifies as a-theoretical. Citing Langlois (1986:5) she summarizes: "The problem with many of the early institutionalists is that they wanted an economics with institutions but without theory; the problem with many neoclassicists is that they want economic theory without institutions; what NIE (New Institutional Economics, S.S.) tries to do is to provide an economics with both theory and institutions."

Mongolia, where market facilities increasingly vanish, the role of nonmarket institutions has to be noted[230].

Therefore, dealing with institutions, the realization of transaction costs is crucial. While economists tend to assume that transaction costs are decisive for rational choices in the means-ends-relationship, it has to be noted that the latter can be connected to either materialistic or ideological features. These can bring about altruistic behavior, resulting from choices which let "rationality" occur in a new sense. The observer has to be aware of those transactions and behavioral patterns that do not directly serve the actors' narrow economic self-interest or that do not obviously reflect the 'homo oeconomicus', who is, being completely informed and always rational, able to calculate the means and ends of any behavior. The fact, that even altruistic behavior may be self-interested can therefore only be acknowledged, if social processes and culturally determined values in human motivation are taken into account.

Supporting this line of reasoning, the following example should illustrate how choices are determined by an environment where reliance on others can be crucial for survival (but eventually it leads an ethnocentristic Westener, involved in and exposed to the situation, to doubts about its rationality at first sight):

> In Mongolia, in the present situation, where fuel, vehicles, spare parts, transport means in general, belong to the most needed and scarcest resources, journeys are often started without sufficient fuel supply (surely, a petrol station on the way can not be expected). In the absence of asphalt roads, steppe runways have to be followed, which often hold the danger of getting stuck in mudholes or damaging the vehicle in a pothole. Above that, many cars have to stop on their way because of a lack of fuel. It is "selfunderstood" that a following driver, who might only turn up after days, stops to provide the first vehicle with a share of his anyway insufficient fuel supply. This will surely cause him to get stuck soon after the deal. This kind of assistance will happen even if the second driver is transporting life animals or other goods which could cause trouble in an unexpected waiting period, the duration of which is determined by the arrival of a following, third vehicle.

This example leads to the conclusion, that the single actor in his orientation is not at all caring for his own profit in a momentaneous means-end-relationship.

230. See Popkin, S.L. 1988:246 and 271: "The linkage between effort and reward is central to changes in the organization of peasant society. It is necessary to recognize the limits of markets to provide collective goods and deal with problems of quality, and it is necessary to recognize the role of economic rationality in nonmarket settings as well".

His choice was determined by a mixture of duty, moral self-enforcement in addition to self-interest, considering his behavior in the long run.

There is no doubt that it is the 'institution' of mutual assistance which lies behind the transaction. Even if the second driver might be stuck for days after the event, in the long term this institution will keep transaction costs lower compared to the alternative of ignoring the other driver's needs. Exactly therefore it is questionable whether the transaction is determined by an individual choice, since it seems there is no other choice for the following driver. He will expect the next driver to assist him, in case he gets stuck.

If we try to analyze and predict human behavior, using such a complex approach for the estimation of peoples' rationality, we assume that our perspective and knowledge (= rationality?) enable us to fully understand other peoples' motivations, in spite of our own ideology-determined and ethnocentristic constraints. Furthermore, rational choice theory assumes that individuals themselves can accurately predict the relationship between means and ends, without paying attention to their cognitive limitations and incomplete information. The approach even includes the purpose of modelling and predicting human behavior. I raise the general question whether a theory can serve such a purpose. Even with the modified theory the gap between expected and actual outcomes of a given behavior may be extreme. In this sense, I agree with Barth (1981:90) that: "it is enough that we posit that people intermittently deliberate over their desires, acts and achievements, and have the ability sometimes to recollect experience and devise plans. Otherwise we can acknowledge that behavior is often automatic, habitual, impulsive, passionate or random."[231]

It has to be acknowledged that the argument of 'rationality' was used in the 1970s as a response to the notion of the traditionalist, morally acting rural inhabitant[232]. The reluctance of peasant farmers to adopt technological innovations were for a long time attributed to the peasant as being conservative, bound by tradition and lacking analytical rational thinking. As a continuation of the discourse the concept of the rational peasant[233], who responds to risky circumstances and uncertain outcomes and consequently avoids inadequate technology, was necessary.

Unfortunately, this concept was misunderstood by classical economists and limited to the notion of a profit maximizing 'homo oeconomicus'. It might be

231. Cited from Ensminger 1992:15.

232. See Scott 1976, The Moral Economy of the Peasant: People acting in a moral economy share a subsistence ethos that guarantees at least a minimal provisioning to all households. In line with this assumption is the notion of the peasant acting altruistic and 'non- economic'.

233. See Popkin, S.L. 1979, The rational peasant. The political economy of rural society in Vietnam.

necessary to clarify this misunderstanding by introducing a modification of the concept (including altruism, ideology etc.), but it is questionable whether it is necessary and even possible to turn the "rationality-argument" into an applicable tool for analysis by modifying it in the described way. While it may make sense to understand why and how decisions are made by other people, it is not necessarily their 'rationality' that has to be in the focus, since this concept seems no longer important as an analytical category (if not needed as a counter-argument against the romantization of the "morality" of the peasant).

Nevertheless, in case it is necessary for development planning[234] to model and then predict human behavior or to identify behavioral patterns, the analytical elements of the modified model as outlined above can serve as a tool for fieldwork analysis. It widens the perspective and demands the notion of several motives for human behavior, such as ideology, cultural and social patterns, institutional constraints, social processes and collective action and, what seems to be among the most important factors, constraints caused by risk and uncertainty.

- Risk management

Various patterns of mutual assistance, which arose as a consequence of the liberalization of the livestock economy, are bound to risk and uncertainty management. For an investigation of the latter, Halstead/O'Shea (1990:5) provide a tool, assuming that the range of choices open to a society is limited. They call risk management-strategies cultural or "buffering mechanisms", in response to resource variability. They point at four different kinds of mechanisms which counteract the risk of scarcity, namely mobility, diversification, storage and exchange[235]. Being aware of these mechanisms, they can help to use data on variability to predict both the kinds of buffering strategies that will be employed and to estimate the parameters the various mechanisms must maintain in order to be effective. As illustrated below, all four mechanisms are observable in Mongolia, where the rural population faces both risk and uncertainty[236] in the absence of official risk management provisions. Previously, the Negdel administration held the responsibility for the

234. The problem of what such planning aims at will be critically analyzed in the following.

235. While the former two use local abundance to counter local scarcity, 'storage' balances seasons of plenty against lean seasons, good years against bad. The fourth, exchange, secures a stable food supply, so that different types of response are suited to buffer different sorts of risk (Halstead/O'Shea 1990:4).

236. For a definition of the terms risk and uncertainty, Cashdan (1990:2,3) hints to their difference which is notable: "...the distinction should be maintained, since the behavior of peasants faced with a known risk (such as rainfall) is very different from their behavior when faced with true uncertainty (such as new technology)". While the former term comprises the possibility to act or prepare for and probably holds some choices for the management of the risk, the latter abandons people to their fate.

organization of known risks, the compensation of losses and for the uncertain aspects that accompany the implementation of new technology.

The literature on risk management often criticizes classical economists who leave the analysis of the high impact of risk-avoiding measures behind. Popkin (1988:248) hints at the notion of the quality of insurance which determines the extent of divergence from production maximization. It is the individual household's concern with survival which is crucial to decision-making, rather than maximization models. The latter is frequently recognized as being rational by those who are influenced to a large extent by their own cultural settings. To Browman (1987:172f.), "risk reduction management rather than yield maximization is the major economic decision strategy" and "the greater the degree of risk, the wider the range of social institutions to share the risk".

Following this argument, in my analysis of the contemporary situation of Mongolian herders those strategies, which re-emerge from historical or earlier experienced patterns of behavior, are in the focus within their institutional context. It is only the herders themselves, who are able to estimate the dangers and risks of livestock economy and decide on effective risk-minimizing choices in an extremely harsh natural environment. It is notable, as outlined below, that the strategies for risk management often result in collective action. Therefore, the ongoing debate on collective versus individual behavior/choice will be shortly summarized.

- Collective action

Since 1968, when Hardin developed the 'tragedy of the commons'-argument, the discussion about free-rider-behavior on common property (like common land with private animals) exists. A free-rider is an individual that seeks to minimize the own contribution to collective or public goods by maximizing the own profits. The assumption that rational individuals will prefer to benefit from the public good without contributing to it was prevalent in the sixties (Olson 1965; Hardin 1977).

Claiming that "freedom in a commons brings ruin to all", Hardin (1977:20) was sure that each rational herder with private animals on a common pasture will increase his number of livestock to the detriment of the common property. Hardin concluded that private property will guarantee a greater sense of responsibility in using the resource[237]. Sandford (1986:120f.) expresses his doubt that resources in private property with a single decision-maker over

237. Hardin (1977:22): "The tragedy of the commons as a food basket is averted by private property or something formally like it".

livestock and land will be used more efficiently than communal property, because collective rationality might be different from individual rationality. "Rational men do not pursue collective doom; they organize to avoid it, (...)."

Critical reviews of Olson point to the same direction, especially if somehow remote and independent pastoral groups are considered. Olson (1965: Introduction) had stated that, "...unless the number of individuals in a group is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, *rational, self-interested individuals will* ***not act*** *to achieve their common* ***or*** *group interest*.This did not prove true, especially in pastoral societies which are socially and politically isolated from the rest of the nation state. Especially in fragile natural environments, where a society is unlikely to find alternative livelihoods, few risk will be taken to damage the habitat.

Nevertheless, there is no doubt that certain kinds of collective goods can be provided only in the presence of institutions, "by clearly specifying property rights, by regulating weights and measures, and by providing third party enforcement of property rights and contracts" (Ensminger 1992:18). In their absence, especially in transition processes, actors have to refer to customary or 'traditional' institutions (see Mearns 1993:65, Popkin 1988:246) which facilitate economic transactions and social relations - in collective action[238].

I argue that it is rather the need for collective action than the individual's single 'rational choices' that determine behavior within local institutions in rural Mongolia. Regarding the difficult task of the government to reorganize the pastoral economy and integrate it into the national economy, Mearns (1993:66f.) proposes not to isolate such questions as land legislation and policy reforms from customary social institutions. It is assumed that the acknowledgment of institutions in government planning will diminish the danger that customary knowledge and skills, acquired through experience, get lost in a process of too rapid transformation. The fast mass privatization carried out in Mongolia, also called a 'blueprint approach', may supersede learning processes, in which people gradually adjust to the transformation within their own institutional frame.

It is a widespread view among policy advisers and social science experts who intend to facilitate the government's decision-making and to mediate between local groups and the government, that the solution for successful social and economic development lies in co-management. Customary norms and strategies

238. Limits of customary institutions for crisis management will be illustrated in the following chapter.

of local communities are reinforced or taken into account by officials of national states in management plans (see also Acheson 1989:376).

According to Mearns (1993:72), the acknowledgement and support of customary institutions bear the potential "not only to be economically efficient, socially equitable and environmentally sustainable, but also (to be) cost-effective for public administration. It implies less, not more government." Therefore, for development planning, the legal recognition of customary institutions is proposed. According to my experience in fieldwork in Mongolia, I doubt that customary institutions are identifiable to such an extent that they can serve as a basis for formal institutional registering and co-management with the government.

Critical view on the identification of emerging institutions for development planning

In order to reach and address such institutions, it is necessary to 'freeze' them at a certain state of their development. To Sandford (1986:131) "It makes little sense to try to freeze pastoral institutions, which have continuously adapted themselves to changes (...), in the particular shape in which they happen to find themselves at the onset of a development programme, on the grounds that this shape is 'traditional'." Especially in the present situation, where alliances and residential patterns frequently change, e.g. in search for new winterplaces or old 'Tursun nutag's (traditional or customary territory, see chapter five "Decision-making for residential changes"), permanently cooperating groups are rarely found and membership will be difficult (but necessary) to identify.

While there is no doubt that pastoral indigenous institutions, if identifiable, that means to me, if on the conscious level of the herders themselves, should be acknowledged for governmental planning (rather than governmental planning without considering people), the general question remains, whether expatriate advisers should identify and offer such institutions to governments which intend to impose tremendous changes from above. One change in Mongolia will be the implementation of grazing fees, which will probably cause resistance among pastoralists. Through this kind of changes, the government claims to prevent resource damage resp. sustain resource maintenance, but in the first place the implementation aims at the integration of pastoral production into the national economy on the basis of free market principles. This demands commercial production in the rural areas, which will undoubtedly change herders' life to a large extent.

As illustrated in the following chapters, there are few real incentives for selling animals at the moment. One reason are low prices and the significance of large

herds for effective risk management. Above this, the general question arises to what extent herders will be interested in a commercialization of their private production. The demands and needs for material goods are still the same as before the changes, when access to these goods was more or less granted. It has to be kept in mind that a pastoralist's lifestyle does only allow for a limited amount of personal material property with regard to seasonal movements. The case of the Orma in Eastafrica has proved that not all of them were interested in producing for the market, although prices were adequate. Those who had appropriate access to stock, skill, and labor, or a preference for decentralized political authority, still migrated and avoided dependence on the market for foodstuffs as much as possible[239]. If government plans in Mongolia will succeed, such choices will be limited for herders.

239. See Ensminger 1992:137.

3. Patterns of mutual assistance

The socialist economic organization, as described in chapter three "The Negdels, production and marketing" dissolved totally. In addition, due to the country's crisis, a new functioning order has yet not been established to replace the old one. In absence of state subsidized inputs to herding production, herders adopt more risk averse production strategies. The newly arising informal arrangements or institutions, through which social and economic organization is determined, can primarily be identified as spontaneous residential affiliations with kin.

TABLE II Evolution of Mongolian pastoral institutions

Scale level	Number of hh's	Precollectivization (-'30s)	Collectivization ('30s-'80s)	Decollectivization ('90s-)
Encampment	1	herding family	herding family	herding family
	1-2	sakhaltiin ail	suur sakhaltiin ail	
	2	jarsiin ail	sakhaltiin ail	
	2-12	khot ail	suur	khot ail
Neighborhood	20-50	neg nutgiinhan	team(kheseg)	neg nutgiinhan
	50-100	bag	brigad	cooperative (horshoo)
	100-250			bag
Administrative	500-1000		collective	company
unit			(negdel) &	
	1000-1500	khoshun	district(soum)	district
	10000	aimag	province(aimag)	province

Source: Mearns 1993:6[240]

Before collectivization (1950s) and after privatization (1991), the Khot Ail organization served the same functions. During collective times the equivalent production unit was the Suur. but in contrast to the Khot Ail. it was not

240. Sakhaltiin Ail: Cooperation for sheep management between the women of camps, from April to July. Jarsiin Ail: A temporary form of dependency relationship which allows an afflicted family to build up its herds to a level where it can become independent again. The poorer family is referred to as Jarsiin ail ('used' family), see Mearns 1993:8.

independent but incorporated into the socialist organization of production. It was part of a team (Kheseg), which itself was part of a Brigad. Brigads were the subdivision of collectives[241], today renamed into the administrative term "Bag". Concerning present territorial organization, the Bag, the Soum (district) and the Aimag (province) are administrative units, the remaining Negdels and the companies and cooperatives (Horshoo) that succeeded them, stand for the formal economic entities.

The most important re-emerging informal institution which can be identified is the Khot Ail organization, which has been recognized all over Mongolia as the basic herding unit, forming a first response to an increased production risk. In general, the families visited in B.-Soum had joined together with one or two other households, usually related to their members. Eight of the ten Khot Ails consisted of two Gers[242] in winter, two of them consisted of three Gers. In other places of Mongolia, the size of Khot Ails varies according to season and ecological conditions. In the Gobi desert, e.g. they often consist of a single household or in Arhangai province, as many as five Gers may group together in winter[243]. Most of Khot Ail compositions do not change for 4-5 months until herders move to spring pastures.

Members of Khot Ails are now often consanguineal of affinal relatives, while in Negdel times the administration tried to maintain production teams (Suurs) which were unrelated. The new organization along territorial and production units abandoned in many cases the old kin and residential structures[244]. Tight kin bonds were assumed to undermine collective ideas, as for instance equal access to and distribution of resources. They were officially associated with feudalistic structures which hinder the development of a new society based on national socialist interests. Potkanski/Szynkiewicz (1993:26) note that in the present situation of a new strengthening of kin relations, the Soum administration of an Arhangai-Soum (research area of PALD-group) expressed the same anxiety concerning privately managed services like transport or veterinary care. Loosing administrative authority and power, the possible rise of nepotism and corruption through kin groups serves as an argument against the dissolving of centrally provided services, especially in a situation when resources in these fields have become very scarce.

241. Concerning organizational and administrative changes see chapter three "The Negdels. Organization, decision-making and administration".

242. A household comprises the occupants of a single Ger, usually a husband and wife and their junior and unmarried children. Extended families only live together if elder people need care. In such cases, usually the youngest married son or daughter joins the parents' household.

243. See Cooper/Narangerel 1993:3.

244. See chapter three on collectivization.

However, the socialist strategy was successful in so far that now there exist close connections also between not related families, who used to live together in Negdel times. This is especially the case in summer, when herders move more often and Khot Ail compositions consequently change more frequently. On the other hand, the winterplaces are usually shared with related families, which was the same in collective times[245].

One major factor to be acknowledged is the function of the Knot Ail as an economic and social safety net for poorer and more vulnerable households, which benefit from this kind of labor organization. In absence of state supported safety nets, this institution does not cause costs for the state administration. Every day's labor is marked by mutual assistance in herding, milking, fodder preparation and moving animals to other pastures.

4. Mixed herds as a risk minimizing strategy

In Negdel times, in Huvsgul Aimag, most families had worked and produced together in Suurs with about 5-6 Gers. The herders had been usually specialized in caring for a huge number of one species, even of the same gender and age group. In addition, each family had been allowed to privately own a certain number of animals for household needs[246]. The privatization process brought about the possession of mixed herds of all five kinds of animals. Every family received a different number of animals according to the number of vouchers that were received through privatization. The changes in herd composition have to be seen as a risk management strategy. It guarantees the supply with all animal products throughout the year now that market relations tend to vanish. Further, the bigger and heavier animals break the ice to give way for the smaller species, when the pasture is freezing in spring and no time is left to take the herd to another place. Camels are of a special value in Mongolia since transport means became scarce. Like Yaks they are used for migrations as drought animals. The 470 camels existing in B.-Soum had been imported from other Soums and had always been in private hands. Therefore, none were available by means of privatization. Informal private assistance from camel owners for camp movements became crucial to compensate for lacking transport services.

245. See Mearns (1993:10), and Potkanski/Szynkiewicz (1993:26ff.): In general, a structured kinship system which is based on kin networks, does not exist in Mongolia any longer. Communities are not composed of descent groups. Only some minimal lineages of descendants of an ancestor are left, but these lineages do not form groups which control assets of economic value, they even do not have organizational functions. The only remaining power on which new organization is built is the emotional function of kin relations. Kinship became a generalized pattern since descent has lost much of its importance, but this was noted already for the beginning of the Manchu (1644-1911) period.

246. A state employee's household was allowed to own 8 head of livestock, Negdel employees 16 head, herders up to 50. The amount of overextention of these limits in Negdel times gives insight in inequalities that affect the present distribution of livestock.

As Table III illustrates, the families visited have all been in the lucky position to own at least one camel, one family even nine. The table further provides an overview on the herd composition and size of each family. Besides inequalities in the families' wealth[247], the amount of animals which are not owned by themselves but by some "Absentee herd owners", is illustrated. This phenomenon is new in so far as some families in the countryside now care for huge herds of owners who are in general busy at - or at least somehow linked to - urban centers. While in Negdel times state and Negdel employees were entitled to own only a very limited number of livestock, after the changes all of them have become herd owners. The discussion whether the relation between herd owner and herder can be connected to exploitation structures will be presented in chapter six "Absentee herd owners". Here it will be referred to as a pattern of mutual assistance, as it was defined by the respondents themselves.

TABLE III Herd composition

	Animals privately owned						**Other owners' animals**						**total**
ID	sum	camel	horse	cattle	sheep	goat	sum	camel	horse	cattle	sheep	goat	sum
1	458	4	34	60	282	78	67	-	23	21	23		525
2	225	3	14	23	151	34	-	-	-	-	-	-	225
3	182	3	14	24	105	36	213	3	26	10	124	32	395
4	77	1	12	15	34	15	93	4	9	10	60	10	170
5	175	2	9	26	98	40	232	-	4	35	142	51	407
6	110	2	7	25	60	16	4	-	-	4	-	-	114
7	277	9	16	36	168	48	9	-	4	-	4	1	286
8	117	1	12	14	70	20	4	-	-	4	-	-	221
9	153	1	5	15	81	51	160	-	13	15	111	21	313
10	149	6	15	32	79	17	-	-	-	-	-	-	149
sum	**1923**	**32**	**138**	**270**	**1128**	**355**	**782**	**7**	**79**	**99**	**482**	**115**	**2705**

Source: AEI research Huvsgul Aimag, B.-Soum, A.-Bag, March 1993

Interestingly, eight of the ten families were herding other peoples' animals besides their own. In four cases, the number of the former even exceeded the number of own livestock. Among the five families herding more than nine animals of other proprietors, two were related to them and three families were friends of the herd owners[248].

247. Concerning wealth differences among herders after privatization, the PALD working group carried out comprehensive fieldwork in the provinces Arkhangai and Dornogobi, applying several methods, see: PALD Working Paper No.2, 1991; Shombodon et. al. 1993, Mearns 1993. In my description of the changes in the countryside I only touch on some consequences of wealth differentiation, e.g. concerning vulnerable groups. A detailed analysis of the wealth status of Soum-center inhabitants, namely before and after privatization, follows in chapter six.

248. For a more detailed evaluation of the relationship between herder and herd owner see chapter six "Absentee herd owners".

5. Decision-making for residential changes and pasture usage

While most of the families visited lived in winterplaces they already used to stay at in Negdel times, some had moved away to remote areas to establish new shelters and fences for their animals and stores for their other possessions. Asked, how the decision-making on who had to move and who had the advantage to stay took place, it became obvious that there were no longer clearly defined authorized instances to set up rules for residential, territorial and social restructuring. In this context, the question arises how decision-making for the new organization came about and whether there are patterns for identification that either root in 'traditional institutions' or at least refer to earlier experiences of social integration, namely before collectivization or before privatization in 1991. To Mearns (1993), these organization patterns refer to traditional institutions like "the people of one place" (Neg nutgiinhan) with regional variants such as "people of one valley" (Neg jalgiinhan) or in the Gobi Zone "the people of one well or spring" (Neg usniihan). They origin in pre-revolutionary times, when members may have lived together for generations on inherited territories or 'Tursun nutags'[249].

Due to fieldwork findings in Arhangai province and the Gobi desert herders at present identified their neighborhood-level groups as Neg jalgiinhan or Neg usniihan. Following Mearns' argumentation, these groups have evolved again as means of regulating access to pasture. In general, but not necessarily, they form along kinship lines and can be identified in relation to the ecological environment. They exist within the wider organization of the Bag, the boundaries of which have been formed from the territories of the fomer Brigads.

As outlined in the theoretical introduction to this chapter, these institutions are proposed to the government to be registered as addressees in government planning, serving as a means of cooperation between herdsmen and the government. Yet while there is no doubt that pasture reallocation does not function along the decisions of individuals, but demands for collective action, the question arises whether such institutions are more than merely ideas. They are proposed to be legally registered for their integration into policy strategies for livestock management and production, but in the present situation of temporary and spontaneous grouping and decision-making, it seems impossible to handle them as fixed, formal organizations. E.g. the process of residential reorientation in places like the 'Tursun nutag', is accompanied by frequently changing Khot Ail compositions and unstable arrangements.

249. "Very often there would have been a religious focus - a shamanistic ovoo, or Buddhist temple, or both - in the locality, providing a symbolic, ritual and social identity for such a group" (Mearns 1993:9).

> According to research data of the PALD - group (1993), in Arhangai Aimag, the privatization of winter shelters brought about a serious reshuffle in the allocation of Nutags and consequently users' rights for pasture usage. Renewed customary users' rights were built along two patterns of affiliation: either legitimacy was provided by Tursun nutag-like ties of a family head (primary right), or through long existing habits of occupation (secondary right). These patterns functioned when herders were bidding for users' rights and were employed in all cases, especially of conflict or potential conflict. For the latter cases it is stressed that Mongolian culture includes predilection for non-violence, which is usually expressed in passive acceptance of decisions or moves which are against the immediate interest of a given individual. In Arhangai as well as in B.-Soum of Huvsgul Aimag, the whole rearrangement of Nutags has been completely peaceful[250]. The PALD group (1993:50) conceptualizes the process as a reaction of the formerly rigid social system to the rapid and total lifting of all administrative rules and constraints represented by the Negdel type of organization. "People used to patterns imposed from outside found themselves in a legal and administrative vacuum and, feeling unsafe, switched to kinship patterns of groupings and of affiliation to land. (...) It has not all been a conscious process but rather a spontaneous one, (...)".

In line with this latter notion, in conversations and interviews with herders as well as administration employees in Huvsgul Aimag. it turned out, that in most cases institutions like 'neg jalgiinhan' were beyond the conscious level of the respondents, some people even denied their existence, especially as a means for organization.

In order to 'use' such institutions, a lot of persuasive power is demanded. On the one hand each individual herder needs to accept the idea that he is a member of an institution identified by outsiders. In another step he has to be convinced of the need to cooperate with the government as a member of the group addressed. In case innovations in the near future will reflect the planners' ideas of integrating livestock economy along free market rules in co-management with customary institutions, this plan might run counter herders' ideas of future planning.

250. Even in cases of conflict over pasture usage or residential rights to Tursun nutags. these were, in the PALD-study in Arhangai, not referred to as problematic by the informants. Furthermore, they presented these cases as isolated and caused by certain individuals. Potkanski/Szynkiewicz (1993:45) assume that the scale of the phenomenon does not endanger the stability of the system. One factor for this may be that exclusive rights or private ownership of pasture are alien to the Mongol concept of land tenure and would endanger the flexibility of the whole system, see chapter two "The legal framework".

Another crucial role in the process of decision-making falls to the eldest of a certain group that formed along Knot Ail or valley integration, after the Brigad administration was dissolved. Interestingly, the eldest and wealthiest[251] of the 10 families visited held residential rights in an old and well established winterplace in a protected valley between two mountain ranges.

> The herder living there had been influentual according to his rewards and successes in sheep breeding in Negdel times. He had gained some authority and respect due to his skills and because he had been recognized as a wise herder. He was the eldest still active herder of the 10 families investigated and had some kind of informal authority. He also, according to Amraa, stems from an influential and wealthy family who had used this winterplace since the foundation of the Negdel (more than 35 years ago). Nobody doubted that it was him who held the right to stay, together with his daughter's household, while the four other families who were used to that place too, had to move.

Due to the relation of space to number of people and animals (1.2 inhabitants per skm) there was nearly no conflict observable in this area. Huvsgul Aimag is rich of forests and rivers and competition for scarce resourses did not occur. The establishment of new winterplaces did not cause trouble due to the rich amount of wood, as I was told by the herders. This was different from pastures around the Soum-center where some conflictory clashes could be observed.

According to the information of a herder in whose household I stayed for four nights, in this Bag no conflicts emerged, even in case two herders claimed for the usage of the same high quality pasture. Sometimes in this area such pastures are used by more than one family's herd. If a problem arises[252], the herders themselves were able to solve it, without involving higher authority. Only in case no solution could be found, the head of the Bag would be asked to settle the claim, but none of the people I asked had ever observed this[253]. A factor contributing to this may be the vanishing authoritative power of the administration.

However well functioning the new organization looks like, due to the nonexistence of formal limits or rules for the process of territorial organization

251. Wealth categories were made by the institute's (AEI) estimations. There were three families chosen in the category "poor", three in the category "middle" and three in the category "rich". Indicators for definition of status were number of animals, Gers and other material goods like machines, saddles with silver decoration, silver drinking bowls, silk deels, Ger furniture or, in some cases, bank savings.

252. Personal communication with Eroolt, oldest herder in Khot Ail. March 26th, 1993.

253. I asked each of the visited families about their experiences with the territorial reorganization after the privatization process. I personally met 7 families, while Amraa visited all 10, some of them by horse.

and pasture allocation, it has to be expected that the new Land Law and the Grazing Fees, described in chapter two "The legal framework", will change the perception of land as quasi "free" (in case the government will be able to implement these laws)[254].

6. The marketing situation

- Barter trade versus state procurement

As mentioned above, under collectivization the delivery of meat and other livestock products to urban markets was organized by a comprehensive state procurement order to meet planned targets at fixed prices. Conditions were known and predictable to all parties involved in the exchange. When all prices had been liberalized, producers were forced to find own markets, which was combined with extremely high transaction costs, concerning the acquirement of information about market opportunities and especially the organization of transport. As a result of these conditions, herding households chose to withdraw from the market into self-provisioning. This was also true for all ten families visited. All were private herders without any formal organization. None of them had joined the company or a cooperative and none of them was a member of the Agricultural Commodities' Exchange[255]. I was told that it was not worth it to gain membership in these organizations due to the low price offers and high membership fees. One herder stressed the point that he had been waiting for long to gain independence from any organization and would not rely on any other organization form to offer more profits[256] (iluu ashigtai) than the private individual household. For none of the families any of the existing marketing conditions seemed to be convenient. If there was a chance to sell livestock, the raised money would never have been sufficient to buy the things needed, due to the high inflation rate and unfair terms of trade for commodities' exchange.

> It is interesting that the state offer for one kg of livestock amounted 65 TG in June. Thus, the monetary value of a yak of average 250 kg would be 16,250 TG. An average monthly salary in Ulaan Baatar for professionals was about 6,000 TG (15 US dollars) in March 1993. The essential commodities, except foodstuffs, needed in the countryside are soap, candles, winter boots and material. In March 1993 one pair of adult's winterboots cost about 3,600 TG. This means to sell one cattle would be sufficient to provide a whole family with boots. The argument

254. See also chapter three "Changes in property concepts for land tenure".
255. See chapter three "The present situation of marketing facilities".
256. Asked for a clearer definition of the term "profitability" (ashig) he linked it to the conviction that the fruits of his efforts and work would not be collected by anyone else than by himself.

for not selling used to be that it does not pay from the material aspect. The 10 families together owned 270 cattle (14-60) but none of them was willing to sell, so the reason for not selling must be found elsewhere, f.e. in risk management[257].

Conclusion

Since privately owned animals have to make up for all losses in insurances, help and support from the former collectives, they serve as a guarantee for subsistence production and for trade and exchange on a barter basis within the own group. In this sense it has to be seen as another risk management strategy, if herders are not willing to sell[258]. One of the most evident changes is the total decline in the availability of essential commodities, which are not self produced, like clothes resp. material, candles and soap and for consumption sugar, rice, flour, tea and salt. Although these goods have become rare since the breakdown of the old marketing channels, herders preferred to hold back their animals from sale and instead increased their herds. The only method of marketing animals practiced by some families in winter was to bring them to the slaughterhouse in the Aimag's capital personally, when transport means were available. But due to the fact that the Russian border lies only about 50 km from the Bag, these trips were also used for some other trade transactions. Goods like games meat or musk was brought to Russia in order to be transported from there to China. The two young herders telling this were not willing to give further information about their market activities, so I concluded they were illegal[259].

257. Cleary (1993:45) stresses the point that barter relations also discriminate against herders, who complain about state prices being too low and instead exchange livestock for commodities. The cash value of livestock always exceeds the cash value of the exchange good to a huge extent.

258. See Lachenmann (1989:154): "Betrachtet man die Handlungsrationalität in dem nomadischen Produktions- und Sozialsystem, so erscheint das primäre Handlungsprinzip in der unsicheren Umgebung das der Sicherheit und Risikominimierung." Further p. 156: "... Tiere sind die Materialisierung interpersoneller Beziehungen, soziale Bindungen werden in der Sprache des Viehtausches ausgedrückt, seien es (...) soziale Netzwerke, oder sogar Klientel- und Abhängigkeitsverhältnisse. Die Tiere einer Herde sind daher nicht grundsätzlich frei verfügbar für Vermarktung."

259. In the Soum-center, other experiences with the deplorable marketing situation were made, as illustrated in chapter six.

7. Gender work roles and changes[260]

Social gender division in Mongolia, like elsewhere, ascribes primary responsibility for domestic labor in the household to women. A pastoral household economy places considerable demands on time and physical power of women, while response to market opportunities and outdoor activities is mainly the domain of men.

Men usually hold responsibility for building and repairing winter shelters, sale and marketing of livestock and the herding of large animals like cattle and camels. Especially in winter and spring, men are required to cover long distances and spend much time away from the camp[261]. Women herd small stock, carry out the milking, shearing and clipping of all animals. Further they take care of small, sick, pregnant and weak animals. They perform all domestic tasks like milk product processing, cooking, washing, sewing, collecting dung and they care for the children.

In spite of this clearly defined division of labor, in times of labor shortages and particularly in the present situation, considerable flexibility of men and women in their labor contribution is crucial for the maintenance of production.

Cooper/Narangerel (1993:6,7) note that the experience of pastoral people in other parts of the world undergoing transition has shown a decrease in power of women concerning their rights, entitlements and income during commercialization processes, when animals are defined as commodities (in the hands of men) "rather than as bearers of social relations" (ibid. p.7). Women then, concerned with increasing production demands, face the simultaneous decline in their decision-making power within the household.

In Mongolia, in the present absence of market facilities, this process can be seen as following the other direction. While during collective times animal production was increasingly commercialized, now privately owned animals serve for every family as a basis for subsistence. Nevertheless, gender division in Mongolian livestock economy brings about a significant amount of additional work for women.

260. For a discussion of the term "subsistence" and further aspects of gender division see chapter six "Subsistence production and state employment".

261. In general, men are apt to take less physically demanding positions, in small towns they often work in white collar positions, while women are frequently busy as street- or construction workers. In addition, men's positive valuation of social life and pastimes has caused a stereotype about Mongolian men's laziness, which is already known from ancient Chinese chronicles, see Potkanski/Szynkiewicz 1993:25. Against such stereotyping it has to be taken into account that herders are, usually in the spring periods of livestock production, engaged in saving their herds from natural calamity threats, sometimes at the risk of their life. Their responsibility for challenging tasks increased dramatically in absence of the Negdel administration support.

Similar to other pastoral economies, labor organization in Mongolia operates on an ideological as well as on a practical level. Both origin in socially constructed ideas that ascribe different gender roles. These create clearly defined areas of power and responsibility within productive and reproductive domains (see Cooper/Narangerel 1993:9). It has to be noted that the general emphasis on women as producers of goods and services and as reproducers and maintainers of human resources imposes, particularly in the present situation, extremely heavy burdens on them. They have to make up for any shortfall in other resources and provide enormous (unpaid) labor in the welfare sector[262]. Moreover, increasing labor of women is connected to the loss of employment in skilled jobs since the liberalization of the collectives.

Usually children, from the age of five, are involved in household production. While in collective times these contributions were limited to the period of holidays, the liberalization of collective administration is accompanied by an increasing trend to leave school and join household production. Absenteeism from school is observed all over the country and one of the most frequent ways to cope with labor shortages[263]. Another strategy to make up for labor shortage is the official adoption or inofficial integration of children from friends or relatives into the own household, a strategy which is quite common in Mongolia.

While in Negdel times each Khot Ail was visited about once a month by a professional health worker and provided with medicine and medical care, now emergency cases are given preference. The necessity of welfare services bears important implications for the labor and health of women themselves and indicates the general deplorable conditions of the health sector[264]. Cleary (1993:39) notes that in the forest steppe area households have access to medical services only once every three months. In the Bag visited, the local nurse paid visits on horseback to families where she stayed for one or two nights. She had to reduce her services to once or twice a year to each Khot Ail, because of

262. E.g. in the rural areas, as a result of fuel and medicine shortages, health service provisions as visits to herders by health workers have been significantly reduced. While women are used to treat minor illnesses with milk products following doctors advices, now often even these advices can not be received.

263. See chapter six "Children and school drop-out".

264. Until the deterioration of health and welfare provisions, usually five people were employed for a 25-bed facility in rural centers. General practitioners handled a greater proportion of complaints and reduced the number of referrals. As in many other developing countries, care providers in Mongolia tended to overprescribe injections and drugs. Although at present the rural health services are faced with severe problems (half of the ambulance fleet is out of service and there is a lack of equipment), urban hospitals have attracted more donor interest than rural health centers, and are now relatively better equipped. For further information see chapter two "The social constraints of structural adjustment".

medicine shortages[265]. An additional service she provided was the transmission of information between the families. Lacking batteries for the radio, there was no way of receiving information except from visitors[266].

During my June/July - fieldwork I observed an increase in women's labor contribution at the Soum-center. Interestingly, women in the Bag visited in winter, which was about a six hours car trip away from the Soum-center, valued the new conditions as even easier than those in Negdel times. All women I asked told me that in general the non-existent market facilities did not cause threatening short-comings, although the difficult procurement of commodities other than own produced ones caused some trouble. Main factors for the positive valuation on the new situation were possession of livestock and the freedom of individual decision-making, which, one and a half year after decollectivization, was perceived as generally positive. Some women said labor demand was much less than in Negdel times. Now they only had to care for their own private household while before privatization they had to care for both, the private animals and the livestock of the collective. In addition, they had been permanently concerned with the fulfillment of production targets which made them unflexible in their labor organization. I observed all women and their daughters working from 6 am until 10 or 11 pm without having a rest[267]. One factor contributing to their notion of an easier life might have been the fact that in nearly all households children's labor was exploited, as mentioned above[268].

The spring season, which I witnessed, is the time of highest labor demand. From February to May lambing and calving keep men and women equally busy[269]. In addition, men often have to perform long distance herding at this time. This period is the most critical to the health of people and animals, weakened after the long winter and still exposed to weather calamities. Food resources are diminished, the only additional nutrition are colostrum products from the first milk after the animals' giving birth[270]. The nutritional value of these milk products is extremely high.

265. In the hospital of B.-Soum I was told that, due to the near Russian border, medicine and tools for medical treatment were still available, but the nurse was neglecting her duties since she was not payed adequately any more.

266. In this respect, our journey from Ulaan Baatar to ten families, that were spread over an area of 1,000 skm, served as an important information exchange for the herders, especially because Amraa is a government representative.

267. For detailed examples of increased labor demand and children's contribution see chapter six "Women's and children's changing roles".

268. Ibid.

269. One difficult task is to prevent new born lambs and goats from freezing. Therefore, for the first days the weakest will be kept in a corner of the Ger, left from the entrance.

270. Milk products processing see chapter six "Women's and children's changing roles".

Concerning the daily time use, women in general get up one or two hours before other family members. Although there are variations according to individual households and seasonal constraints, in general women work longer hours than men. Particularly heavy are labor demands in the case of male headed households with a huge number of animals (where women are responsible for reproductive and herding tasks) and for female headed households with insufficient labor supply. The latter constitute a potentially vulnerable group among rural households. According to research findings of the PALD-group, there have always been a large number of female headed households in the Gobi. "Although Mongolian society is for the most part patrilineal, during the nineteenth and early twentieth centuries a large number of monastic herdsmen fathered children in non-marital relationships. This resulted in a number of families where the chief line of descent was through the mother. These 'matrilineal islands' are still significant today, it is reported that as many as 24 % of households in the Gobi are female headed" (Cooper/Narangerel 1993:16)[271].

8. Crisis, and the limits to collective and individual risk management

It has to be noted that the above mentioned observation of an improvement in living conditions has to be treated with caution because it contradicts a trend observable in other areas. In late April 1993, mainly in three provinces of Mongolia (Bayanhongor, Gobi-Altai, Zavhan) climatic changes caused a disastrous scenario for more than 2,000 families who lost all or up to 50 % of their livestock.

Lots of families were cut off from any infrastructure by the "snow catastrophe" of 1993. For weeks no emergency aid[272] could reach the victims of the heavy climatic changes. Snowblindness, starving and freezing threatened the life of 7,000- 8,000 individuals[273]. Already before the catastrophe, many of the people in need had been living beyond the officially defined existence minimum[274] so that they could not afford any loss of animals. These were mainly single parents, female headed households, households with a weak labor potential. It

271. For further detailed evaluation of the changes after decollectivization for female headed households see ibid, p. 17-18.

272. The Mongolian government asked for the help of bi- and multilateral organizations represented in Ulaan Baatar and received a sum that exceeded 1 Mio. US dollars in cash/kind. The distribution of goods and money caused various problems. One difficult task was to identify and reach the households mostly in need.

273. According to an evaluation-trip of the Mongolian Red Cross Society to the most affected areas, at least 30 people died. 284 families lost all animals, 1,550 families more than 50 % of their herds (see Galperin 1993. Official trip report, p. 10f.). A total of 80,000 adult animals and more than 100.000 young animals were lost in Gobi-Altai alone (see The Mongol Messenger Nr.52 (130), Dec. 28, 1993, p.2).

274. See chapter two "The social constraints of structural adjustment".

was reported that starving livestock ate the Gers' felt and covering materials. Some people lost all their possessions and became dependent on herding other families livestock to sometimes unfavorable conditions[275].

Also people who became herders after they had lost their jobs due to the disbanding of the Negdels were extremely challenged. They were in general unexperienced in breeding and herding and faced difficulties in building up new herds or regenerate the livestock still available. Missing criteria for the identification of impoverishment (like a minimum amount of livestock needed to survive with subsistence production) and missing experience in organizing emergency aid without the facilities that had been available in Negdel times (helicopters, fuel, a local comittee for prevention and evaluation of threats) caused a chaotic and delayed organization of relief measures. This brought about more impoverished individuals.

The fact that the losses became so fatal and disastrous for the people is to be seen in connection with the lost administrative risk management and the insurance, that had been provided by the collectives until privatization brought about the shift in responsibility to the individual herder. While, as outlined above, several risk management strategies evolved, some along customary lines, they did not prove to be sufficient for emergency cases like this.

9. Conclusion

The shift from collective to private property brought about the total reorientation from an overall structuring and powerful central organization and responsibility to the individual household. In the extremely harsh climate of the East Asian high mountain zone, livestock production is a risky task. The successful implementation of production as well as the reorganization of pasture- and wintershelter usage demanded for efficient means to fill the vacuum left by the vanishing administration.

It became obvious that people in the countryside concentrated on forms of earlier experience of social and economic collective action, which resulted in more or less clearly defineable institutions. The Khot Ail is regaining its economic integrative function performed in the pre-Negdel period, after having been reduced to residential and economic purposes under collective organization.

275. To which extent these agreements have to be seen in connection with exploitation structures will be discussed in chapter six "Absentee herd owners".

In general, these institutions are sufficient and adequate to maintain social order and existence security, as the process of reallocation of resources indicates. It was relatively free of conflict caused by trespassing or free-rider behavior.

Although in Negdel times mutual help among herders was limited due to the centralized distribution and administration, now local communities take over economic and social tasks. In general, these are based on valley integration instead of kinship forms of integration. Especially during the Negdel period, kin relations became looser, since responsibility for safety-nets was shifted from the kin and communal domain to the state and the Negdel. The change resulted in the nuclearization of the family[276] and, at present, in a weak kinship system. However, the process of search of Tursun nutags was accompanied by spontaneous affiliations with kin. Decision-making for reallocation was influenced by users' rights and influential persons according to their age and wealth status. Wealth differences which already existed under the previous system are expected to increase due to different abilities of herders to cope with the new conditions.

Inequalities in property and wealth differences of herding households in Mongolia during collective times have been investigated and discussed controversely. While on the one hand, it is often stated that wealth and income levels were relatively equal for herders (salary they received in return for the care of collective animals) wealth ranking exercises with herders (Mearns et al. 1992) brought about clear differences between herding households[277]. Concerning the consequences of privatization, the levels of inequality are likely to increase, as households are more or less able to respond to economic incentives like market opportunities, to command labor and other resources[278]. The total dependence of impoverished households on mutual help as a consequence of the snow catastrophe serves as a clear indication of the dangers and threats caused by the liberalization of the former integration. This experience provokes the question whether people are able to revitalize and provide a substitute for a lost insurance system out of their own means.

The personal reaction to the changes of those people visited in the fourth Bag was on the first hand positive due to the possession and their right of disposal of their products. Property rights were clearly defined and ensured, but trading and marketing was reduced to barter trade within the local group. Units of a higher

276. The latter does not accomodate collaterals any longer, at least not to the extent of some decades ago, see Potkanski/Szynkiewicz 1993:79.

277. Except number of livestock and material goods, one main indicator for wealth status proved to be the age and level of experience and skill in animal husbandry of the herder, as perceived by the respondents.

278. For extensive research and analysis of wealth issues see PALD working papers 2,3 (1991), Mearns 1993, Potkanski/Szynkiewicz 1993.

order like the Bag or Soum had become generally unable to develop efficient cooperation and opportunities for marketing and trading. As a reaction, the people of the sample of the AEI, who did not engage in any marketing or economic organization, concentrated on increasing their herds instead of marketing. They had the power to hold back their animals from sale, although this was only possible in absence of state intervention[279]. Concerning the negative aspect mentioned by the herders themselves, they were aware of the insecurities caused by future absence of insurance and provisions. The absolute scarcity of all market products, which had already caused severe shortcomings, was expected to increase.

The alternatives and opportunities for action, change and innovation are fairly limited in the remote areas of Mongolia. In such a situation, people tended to turn their back to the national market and their former total integration into state events. Instead, they concentrated on their direct environment within the local group and the challenges of pastoral livestock economy. For this task they organized along former patterns of social integration.

In contrast to these conditions, the following chapter should give an insight into a group of people who are to some extent closer to market relations, information and infrastructure than herders in the countryside. The results and consequences of privatization are quite different for those whose conditions and scope of action seem to be less restrictive.

279. Concerning the government strategies to integrate livestock economy into the national economy see chapter two "The Land Law discussion and grazing fees".

Chapter Six

THE IMPACT OF PRIVATIZATION ON BAYAN-UUL SOUM-CENTER RESIDENTS

1. Introduction

Up to now little research has been done on the effects of economic liberalization on those people who had settled in Soum- or Aimag- centers and who, due to the changes, have lost their jobs. Many of them stayed at the Soum-center to find new sources of existence. They became herd owners in the privatization process and dependent on household production as everybody else.

In June and July 1993 I had the chance to carry out interviews with 31 families living in Gers around the center of B.-Soum during summer, mainly in two valleys in a circle of ca. 7 km. For different reasons the inhabitants stayed close to the center although their animals overgrazed the pasture and the animal population density became oppressive. While the Soum-center itself was nearly empty in the summer season, all activities were carried out on the pastures around.

2. Changing property rights and transition theory

The focus of this part of analysis is on the changing property structures and rights of the inhabitants of the Soum-center as well as their social and wealth status. Status differences, stressed by some respondents, were connected to their profession in collective times.

The analysis of status differences and their connection to the functioning of the previously existing institutions should throw light on my assumption that in the collectives the principle of equality was maintained only to some extent. The existence of a vertical integration became obvious with the development of interest groups within the privatization process.

A classification of rural inhabitants of Mongolia is a difficult task. Although party cadres were State as well as Negdel employees, I treat both categories as distinguishable groups due to certain features connected to Negdel membership. Especially these features were stressed in the struggle for power during the

recent development. Divergent income classes in collective times indicate different social status. In the following, I will stick to the classification into State employees, Negdel employees and Negdel herders[280]. It is based on the assumption that each of these "groups", although personally intermingled in collective times, had special interests to defend in the process of decision-making for the privatization of Negdel assets. Those with a cadre background tried to manipulate property rights in order to gain advantage. Following Ensminger (1992:127f.) "Property rights are never neutral in their economic effect, and changing them creates winners and losers. Inevitably, there will almost always be disagreement over which property rights ought to be chosen". This proved true in the struggle of power-maintenance of former Negdel leaders who hesitated to fully privatize the Negdel assets[281].

Victor Nee's (1989:663ff.) theory of market transition, which is based on the study of the effects of the "household responsibility system" in China, has to be seen in the context of a mixed economy of market relations under a still functioning redistributive system. Nevertheless, his findings are interesting for the analysis of change in rural Mongolia. His main hypotheses are based on Szelenyi's theory of social inequalities in state socialism. Szelenyi attempts to specify the underlying processes through which surplus is appropriated. He argues that the redistributive mechanism in state socialism does not give rise to more equality but to greater social inequality, because the expansion of the redistributive sector of the economy adds to the advantages of the already privileged and powerful. Redistributors as the class which is organized around the monopoly of redistributive power favor their own kind when they allocate scarce resources (see Szelenyi 1978:77).

Szelenyi further assumes that a transition from a socialist redistributive system to a market economy will decrease the inequalities between classes, meaning that market coordination will benefit immediate producers, and a transfer of power and privileges will accompany this process.

Nee developed three interrelated theses for a market transition theory, by extending Szelenyi's analysis to the reforming economy of rural China. Based on the Market Power-Thesis he argues that whenever markets replace

280. Rosenberg (1977:64ff.) identifies social classes within the Soum, such as 'intelligentsia', defined partly by education, partly by position. The Negdel and Soum director (same person) was considered an agricultural intelligentsia despite his lack of formal education, and not an arat or a worker (see also chapter six "Education profile connected to employment"). Intelligentsia included technicum graduates, who generally had four years of higher education after the 7th grade, and certain personnel such as bookkeepers. Further those with higher education who finished 10th grade and then studied at university level. Those with lower level vocational training such as drivers, counters and herdsmen who attended a one or two year post secondary school course are considered workers or 'arat' (herders).

281. See chapter two "Interest groups at national level".

redistributive mechanisms in the allocation and distribution of goods, there is a shift in the sources of power to marketlike transactions. In this way direct producers are favored, instead of redistributors. The Market Incentive-Thesis argues that whereas redistributive economies depress incentives, markets provide power incentives for immediate producers. The latter have the power to withhold their product or labor power. As a consequence, rewards are closer related to individual productivity. The Market Opportunity-Thesis implies the notion that the transition from redistribution to markets offers opportunities for alternative avenues of socioeconomic mobility, like entrepreneurship.

Contributing to this Nee (1989:668) states "that the more complete the shift to market coordination, the less likely that the economic transaction will be imbedded in networks dominated by cadres and the more likely power - control over resources - will be located in market institutions and in social networks of private buyers and sellers." The free use of market institutions will provide mobility opportunities for the direct producers.

Therefore Nee investigated whether redistributive cadres have relative advantages as direct producers in a marketlike economy and how knowlegde and education contribute to the role of cadres before and after the changes, since he assumes that educated peasants are better able to draw on and use available information. The results of his research brought about that in a market economy, cadres' households do not necessarily have more experience and orientation required for private sector entrepreneurship than others, although some former brigade cadres had a somehow higher probability of being entrepreneurs. The latter, Nee concludes, is connnected to the fact that the cadre entrepreneur group includes individuals, who had been recruited to a cadre position because of their prior success as entrepreneurs.

Concerning the Mongolian transition, some aspects of Nee's results are highly interesting. E.g. it can be questioned whether economic transactions have been embedded in social relations in which officials held pivotal positions, and whether these positions were maintained by the privileged throughout the process of transition. In the following chapter, these aspects will be analyzed in detail. Though the consequences of the privatization process and economic liberalization had not clearly taken shape at the time of research, it is interesting to investigate the maintenance or change of positions and their connection to education and entrepreneurship, caused by the changes in property rights and economic liberalization.

Therefore, each of the eight categories of my questionnaire includes the investigation of the situation before the changes. It turned out that the interpretation of my data does only to some extent allow for clear statements concerning assumptions I had in advance (like a connection between the former

and present wealth status of an individual or a connection between years of school education and influential position, or the significance of inequalities in Negdel times for the current situation). Nevertheless the procedure of coding and correlating my data of 31 households, each answering 70 questions, brought about some fields of interest for the understanding of changes[282].

It is among my main interests to show how privatization and its consequences changed and affected people on the local level, with regard to the individual's life, shortage and risk management and future perspectives. Therefore, I investigate all aspects which have an impact on the present situation of the individual resp. the family, by taking into account his/her profession, occupation, income, education, possession of livestock and the wealth status which the respondends associated with the latter. I consider both the conditions of the Negdel times and the times after privatization. This line of investigation will be frequently interrupted by the detailed analysis of aspects which qualify or enlighten my interview-data. They are mainly based on participant observations and conversations during fieldwork (see e.g. the chapter six "Women's and children's changing roles").

Moreover, I will investigate the effects on the group of Soum-inhabitants, whose composition did not change at all. All inhabitants are to the same extent affected by the shortage of commodities, inflation, new marketing conditions, the change of the insurance system and the coming innovation of fees for pasture usage.

3. General demographic remarks on the group of respondents

Among the thirteen female informants (between the age of 23 - 64[283]) of my sample, seven were heading the household. Eighteen informants were male between the age of 22 - 70[284]. All families had children (one to 11) except one single woman aged 25. Six families had accepted one to five children of other parents to live permanently in their household, while five had given one or two children away to elderly people, not necessarily related. The informants covered two generations, namely people able to work and pensioners. All of them without exception had acquired skills in animal-herding and -breeding when they were children. 26 were born in B.-Soum, four in another part of Huvsgul Aimag, one came from the neighbored Aimag Arhangai.

282. It is understood that no observation is representative for more than the people concerned.
283. Six were between 23-40, two between 40-55, five between 55-64.
284. Nine between 22-40, six between 40-55, three between 55-70.

The general common features of the respondents were:
- their former employment in state or Negdel white collar or worker categories[285], due to that
- their permanent residence in the Soum-center in collective times
- their very limited number of privately owned livestock then
- their loss or change of occupation and profession after the changes
- their receipt of private herds through privatization
- their continuous residence at the Soum-center even if unemployed
- their dependence on household production as the only source for food supply
- their attitude to use the pastures around the center for this purpose ignoring pasture damage
- their efforts to find sources other than herding for securing their existence

These common features as well as the fact that they cover two valleys near the center give reason to identify these 31 Ger households as a group which is adequate for a research sample.

4. Pasture usage at Soum-center, Khot Ail composition and social structure

In Negdel times, pasture ways were limited and centrally organized. Nevertheless, especially in summer, the pastures around Soum-centers have always been used by those inhabitants who spent summer with their few private animals near the center. Under the new conditions, people referred to those times as summer holidays, since livestock production then served for a change in their every-day life and was perceived as relaxing. Now, when everybody was struggling to maintain food for household consumption throughout the year, overgrazing and population density became severe problems. Nevertheless, a significant change in access to grazing land around the center was not perceived by the respondents. In collective times there was no special permission needed to camp near the center with private animals. This is why now no authority was empowered to control the organization of pasture usage. Thus, it was generally referred to as 'free', according to the majority of informants. They had various reasons to stay there, as illustrated in the following, although the quality of the pasture in a circle of seven km around the Soum-center was called "good" (according to my four answer categories) only by two respondents. Interestingly those two were herders who had just received animals through privatization and had not been used to livestock economy in Negdel times. The negative development was confirmed by those experienced elder people who said the quality decreased drastically because of too many

285. These categories are subject of chapter four "Social structure and employment"

animals. The milk products' quality was equally poor. Another ecological problem which was widely agreed on was the cutting down of wood around the center. While after the Negdel organization each inhabitant was obliged to announce any wood he/she needed at the Bag or Soum-administration to pay a fee, now everybody procured at least the firewood illegally. Lots of cut-off tree stumps were left on the pastures at the center. Answering my question whether the illegal procurement of wood increased after the disbanding of the Negdel. however, 11 said no, 11 yes and nine did not know.

Most of these results indicate that there is, at least among this small sample, no consensus on questions which concern all respondents equally. Asked whether there had been trouble or claims for an exclusive use of pasture, because of animal population density, all (except seven persons) denied this. Those asked for further information, did not want to refer to special cases except the quarrel between Mergen and Luvsan. It illustrates the conflicts of common pasture usage and the free rider problem[286]:

> Mergen and Orhon stayed in Knot Ail together with another family and Orhons parents, the Knot Ail was about 4 km away from the center. Mergen owned the biggest herd of all informants, namly 91 head, resp. 376 sheep-units. He himself cared for his fourty cattle and 17 horses in summer, part of the animals were always on the pasture near the Ger. Every day they moved up a hill which used to be the winter pasture of Luvsan, a herder whose family had used that winterplace for nearly 100 years at the time of research. For the first time Luvsan complained in June 1993, when Orhon called her parents to join the two Gers-Khot Ail with some additional 25 cattle. Mergen defended his position, claiming that there was no other chance than staying at exactly that place, far enough from the center to let the animals graze and near enough to reach the working place (mill) walking every day. He pointed to the fact that he, as everybody else, was dependent on running a private livestock economy for food supply.

The next step for Luvsan would have been to complain at the Soum administration. This did not worry Mergen at all since he did not pay any attention to the administration which had lost its authoritarian character[287].

This example should serve as a counter argument to the 'free-rider on common property' theory as described above. It becomes obvious that damage to natural resources is not caused by narrow economic self-interest but happens under

286. Herders' opinions about conflict concerning pasture usage see chapter five "Decision-making for residential changes and pasture usage".
287. Interview with Mergen June 30th, 1993.

pressure. Mergen was obliged to run the mill at least every second day, since all flour production in the Soum depended on him. Although he gained some advantage in carrying out his job, like information exchange and some commodities as a payment, he was not adequately paid and knew that his labor supply was badly needed in the household. Like his wife Orhon he considered to give up his job, but both had been frequently told to contribute their labor to the maintenance of the still centrally organized services and provisions of the former Negdel administration.

In connection to such conflicts, informants (14) believed that in case of trouble, the herders themselves would be able to solve it, while 11 considered the head of the Bag responsible for settling claims. This uneven picture gives reason to assume that in spite of overgrazing and population pressure open conflicts had not yet arisen. It indicates that the former Negdel authorities who used to direct herd movements and prevent conflicts, had lost their power. Throughout collective times their influence had been predominant[288].

Concerning Khot Ail composition on the center's pastures, it changed frequently in summer. 17 of the households did not change their summer pasture after privatization. Those who had been living in a wooden house for at least the last three years defended their place successfully, while the Ger composition around these houses changed. While in collective times, because of a low number of privately owned animals, more than one move to the pasture and back to the center was not necessary, now half of the households of the sample had to move their Gers in search for unexploited pasture three to five times in summer. Seven persons said that they had used for the last three years a different pasture every summer because they were still looking for an adequate place for their animals. Similar to the situation in the countryside of B.-Soum, the average Khot Ail size around the Soum-center was 2-3 Gers. Four of the households preferred to live and move as single entities. The fact that two informants who said they did not cooperate with households, were seen as Khot Ail members by their neighbors, indicates the chaotic and yet unregulated composition of Khot Ails. However, the majority (22) of the families visited in June/July 1993 stayed together with relatives, mostly consanguinal, like they always used to do[289].

288. Potkanski/Szynkiewicz (1993:51) note that "... the early years of the Negdels witnessed many conflicts between family traditions and Negdel interests. Their basic source was the initial reallocation of grazing lands (...) For many, this meant the necessity of breaking with their Tursun nutags" (home-pasture). Now. with the liberalization of fixed grazing routes, people tend to go back to those pre-collective Tursun nutags.

289. All those who settled on these pastures in summer, moved back to the center in October to stay in their comfortable winter Gers, in fenced plots, until May/June. Their animals were looked after by people in the countryside. Three of the informants lived in wooden one-room houses close to the center, which they used in summer as well. A wooden house to live in was usually referred to as being more modern than a Ger.

The former mode of settlement had been spontaneous and not restricted by any rules, in contrast to the Knot Ail composition of herders in the countryside.

5. Linkage with the Soum-center

One thing that becomes obvious in Table V is, that after privatization at least 13 couples did not seem to have reason to stay at the Soum-center any longer. They were all unemployed, being pensioneers and/or private herders. All of them were linked to the center through the occupation of at least one partner in Negdel times. The reasons for staying despite the overgrazing of pasture and the advice of the administration to move away were various[290].

Some (5) families spent only the summertime near the Soum-center but moved to winterplaces in the countryside of B.-Soum. For them, being close to the center meant access to information, as they stated, and a much more interesting time. They wanted to be close to the events going on in town, especially when marketing opportunities occur. Others who stayed there even if they were unemployed, had children who went to school in the center. This did not necessarily mean that their parents had to be present too, but due to drastic changes in the service provisions in the dormitory, where food, heating and medical care had become scarce, parents were asked to contribute to the food supply with meat and flour. Since most parents did not feel able to pay or did not adjust to the change of services which used to be free of charge, they preferred to let their children sleep at home. Besides, the labor force of the children became important for the household.

> One pensioner said she did not possess any winterplace and felt unable to establish one. Furthermore, her relatives lived in the center and she found living there more interesting than living in the countryside. Her husband had been among the founders of the Negdel in the late fifties and was one of the keypersons in B.-Soum center. This fact might have contributed to the families linkage with the center.
>
> One single-living woman explained how difficult it became to move to places far away. The people (relatives) she was living in Khot Ail with did not move more than 20 km away in winter and she wanted to stay with them. Her neighbor's (ID 26) husband always stayed close to the center because he hoped for an employment opportunity.

290. The questionnaire included four answer categories to the question: "If you are unemployed in the Soum-center. why do you not move to the countryside to stay?"
1. Because of relatives living in the center, 2. Because children go to school, 3. Because winter in the countryside is too hard to stand, 4. Because I am used to living in the center.

> One single female pensioner with two adult unemployed children stayed for the same reason (waiting for an employment opportunity for the children) and further felt more secure in the Soum-center. near to the hospital[291].

All these latter persons represent groups who shared an extremely low risk potential. This is why, against the advices of the Soum administration, they did not move to stay in the countryside. Experiences of other pastoral communities undergoing change serve as examples for a possible development in Mongolian urban-oriented centers. In Kenya, fieldwork among the Orma, showed how the groups of people who settled around centers and pastoralists developed different interests concerning resource use and property rights.

> "Because sedentary households had better access to transportation, markets and price information, increased commercialization tended to result in increased sedentarization. As the sedentary population increased, so too did the value of land, leading to the desire for more restrictions on land around the permanent settlements.
> Growth has dramatically increased diversity, with some Orma becoming commercial producers, traders, farmers and wage laborers, others remaining more interested in subsistence pastoral production. One result is that there is less agreement about what form of property rights is appropriate. A growing share of pastoral output is being sold on the market, not kept for domestic consumption. The needs of commercial beef producers are very different from those of subsistence-oriented nomads." (Ensminger 1992:137).

This example illustrates the attractiveness of urban centers and it provides a possible scenario for Soum-centers in the future. Nevertheless, in the present situation, in absence of marketing and commercialization development, a basis for existence other than subsistence economy was something that was only in the mind of those who decided to stay in the center. Further, the discussion about land rights and land value was not relevant for the rural inhabitants yet. As outlined in chapter two "The legal framework", common land rights shifted formally to the government, which means land became quasi 'open access'. The rural inhabitants referred to it as 'free'.

291. For the case of the Orma pastoralists in Kenya, Ensminger (1992:135) notes quite similar reasons for settlement: "For those with commercial interests, settlement greatly facilitated access to information, transportation, and buyers and sellers. For others, the attractions were some combination of school, mosque, dispensary, shops, arable land by the river, presence of wealthy kin. employment, and relative ease of settled versus nomadic lifestyle. Whatever their reasons for settling, all households were forced to depend on purchased foodstuffs for a great deal of their subsistence, (...)".

However, the center to which town dwellers were used since collective times held several opportunities for development which the inhabitants partly associated with the new market economy. I was told by an informant that being in the countryside means to miss the chances for change and development which one can only find in town.

> People call the center with the Mongolian word for middle, central, center, "Tov", which in the past included the notion of a connection to the outer world. Although the scope of action was fairly limited after the old system was abolished, all herders tried to be there as often as possible. Transaction costs were thus reduced. In B.-Soum-center, jobless people, herders passing by and people who were busy there held daily informal meetings in front of central buildings like the administration or the culture club. The group's composition changed frequently and the meetings often lasted all day long. Information about fuel transport and prices, commodities' deliveries from and to Moron (the Aimags capital), work opportunities like mending the road from Moron to B.-Soum, the coming Naadam and the like were discussed in these meetings.

For rural China, Nee found out that urban proximity in a reforming socialist economy has a more positive effect on peasant household income than in a state socialist redistributive economy (1989:376). The advantage of locational access to markets proved true for several reasons: transport costs of products were reduced, market information increased, and market proximity provided advantages in network terms. The maintenance of connections with brokers and entrepreneurs whose activities converge on centers can also be observed in Mongolia.

Conclusion

Subject of this chapter is the way of organizing social and economic life on the pastures around the Soum-center and the special reasons for maintaining the connection to the center. Even people who did not need to stay there in terms of daily engagements (half of the sample), did not leave to live in the countryside permanently, but contributed to the heavy damage of the natural environment around the center. Contradicting the argument of the "tragedy of the commons as a food basket" (Hardin 1977:22), it became obvious that there were compelling reasons other than the wish to maximize the own profit for the majority of the respondents to overexploit resources which were perceived as common property.

On the one hand these people represent groups which were unable to face the risky task of a private livestock economy in the countryside. They were lacking

sufficient labor supply within the household or herding skills, due to former non-herding activities, or they did not possess enough animals. On the other hand people who were still employed in central institutions like school, hospital or mill, maintained their residence near the center even if conflict with others occurred. What should be stressed here is that even if a rising potential for conflicts existed, they did seldom brake out and if, they were in general not officially discussed. The only conflict mentioned by the respondents was obviously caused by the problem of dealing with diverging challenges in the transition period and thus, it broke out under pressure. Some people had to find ways to combine their employment in the center with their private livestock economy.

TABLE IV Changes in employment of respondents[292]

ID	a) Negdel	b) Negdel disbandanding	c) 1993
1. STATE WHITE COLLAR			
6	Veterinarian	lost job	priv. entrepreneur
11	Human doctor	became pensioner	pensioner
15	Organization office	lost job	priv. entrepreneur
18	Head of procurement coop.	lost job	head of new coop.
19	Soum deputy	kept job	
20	Teacher	kept job	
23	Engineer	kept job	
30	Head of financial depart.	kept position	tax officer
2. STATE WORKER			
2	Cleaner in school	was pensioner	pensioner
10	Guard in procurem. coop.	became pensioner	pensioner
21	Photographer	lost job	only herder
22	Water distributor	became pensioner	pensioner
29	Cook in kindergarten	lost job	hh/only herder
3. NEGDEL WHITE COLLAR			
7	Bookkeeper (accountant)	was pensioner	pensioner
14	Deputy head of Negdel	was pensioner	pensioner
17	Head of brigade	lost job	company miller
4. NEGDEL WORKER			
1	Construction worker	lost job	priv. entrepreneur
4	Driver	lost job	only herder
5	Driver of tractor	kept job	company driver
8	Carpenter	lost job	only herder
12	Carpenter	lost job	only herder
27	Employee in milk fact.	lost job	only herder
31	Employee in shoe factory	was pensioner	pensioner
5. OTHERS			
16	Negdel herder	lost job	hh/priv. entrepr.
24	Negdel herder	lost job	only herder
25	Negdel herder	lost job	only herder
28	Negdel herder	lost job	comp. cleaning
26	Private household	remained same	only herder
9	Private hh/herder	was pensioner	pensioner
13	Private hh/herder	was pensioner	pensioner
3	Pupil	finished school	only herder

Source: own data collection

292. Table IV provides an overview of each informant's occupation in Negdel. his/her performance when it disbanded and the state one and a half years after privatization, in June 1993. All informants except ID 15 received private animals through the privatization process and ran a household livestock economy in summer to produce food as the main source of nutrition.

6. Profession/occupation and income

- Changes in employment

The employment profile of the informants in Negdel times, as reflected in Table IV:a shows that in Negdel times all informants had been bound to the Soum-center either because of their own or their partner's employment. Shortly before the Negdel disbanded (see Table IV:b), in 1991, six informants had become pensioners and 22 still carried out the before mentioned profession. While only five people could keep their jobs, more than half of the respondents became jobless with the dissolution of the Negdel. In B.-Soum not only all small scale entities closed down but even the state service sector drastically reduced the number of employed people. The overall shortage because of the absence of a supply with basic commodities caused the reduction of services and provisions, and as a consequence of staff in school, kindergarten, hospital etc. Concerning the situation in June 1993 (see Table IV:c), the employment profile looks quite different from that of Negdel times. Only four of the 15 people who lost their jobs said they had an additional occupation (except herding), they referred to themselves as private entrepreneurs. They were trying to use their former skills as carpenter or tailor to sell self-produced goods. In the current situation their gains were usually non-monetary like flour, sheep or self-made products. State and Negdel employees as well as former Negdel herders, now unemployed, became herders without any other income, called "only herder" in the table. Four of the former state employees in white collar position could keep their jobs. The "Newlife"- company employed only three persons in workers' positions of those who had formerly been employed by the Negdel.

- Education profile in relation to employment

For the investigation of a connection between a person's biography and his/her present professional status, the years of education are listed in Table V. Among the informants all persons younger than 52 went to school at least for four years, while most pensioners (7) did not receive any school education. As adults they joined state courses fighting illeteracy. As Rosenberg (1977:94) notes, this request was one of the main tasks of the developing education curriculum in the early Negdel times. Further, there existed a variety of adults' education programs in evening schools for center-inhabitants and seasonal courses for herdsmen that could be finished with a certificate from the Ministry of Education[293].

293. Political socialization was prevalent in any educational program, see also chapter three on collectivization.

The table illustrates that those who were pensioners at the time of research could, in collective times, hold high positions such as state employee with only four resp. seven years of education or even without any school or further education.

Among those younger than 42, who were employed by the State, none received less than eight or ten years of school education. In the sample of 31 persons only five had further education in Ulaan Baatar or Selenge Aimag (ID 15, 18, 19, 20, 30). All of them had State white collar positions in collective times which they (ecxept one) maintained after the changes. It is them among the informants who were not born in B.-Soum but had been sent or called by their colleagues into similar positions.

The situation was similar for the Negdel employees. People above the age of 63 saw little or no education (ID 7, 14, 31). The eldest, ID 14, 70 years old, had even become Negdel white collar employee without any school education. The other pensioner, ID 7, who held a white collar position, went to school for four years. All other Negdel employees except the herders, younger than 38, had gone to school for four to nine years. Most of them, in contrast to the State employees, could not maintain their positions.

TABLE V Education profile in relation to employment

ID	sex	age 1993	years of school ed.	higher ed.	position in Negdel	position now
1	m.	28	9	-	Nwo[294]	prEn
2	f.	57	-	-	Swo	pen
3	m.	22	10	-	School	onHer
4	m.	35	8	-	Nwo	onHer
5	m.	42	7	-	Nwo	CoE
6	m.	41	10	-	Swc	prEn
7	m.	65	4	-	Nwc	pen
8	m.	31	8	-	Nwo	onHer
9	f.	64	-	-	prhh	pen
10	m.	70	-	-	Swo	pen
11	f.	51	4	-	Swc	pen
12	m.	37	4	-	Nwo	onHer
13	f.	61	-	-	prhh	pen
14	m.	70	-	-	Nwc	pen
15	m.	52	10	5 (U.B.)	Swc	prEn
16	f.	49	4	-	Nher	prEn
17	m.	38	5	-	Nwc	CoE
18	m.	35	10	2 (Sel.)	Swc	Coop
19	m.	32	10	5 (U.B.)	Swc	Swc
20	m.	52	10	4 (U.B.)	Swc	Swc
21	m.	30	8	-	Swo	onHer
22	f.	59	7	-	Swo	pen
23	m.	46	7	-	Swc	Swc
24	m.	54	4	-	Nher	onHer
25	f.	25	10	-	Nher	onHer
26	f.	23	8	-	prhh	onHer
27	f.	30	8	-	Nwo	onHer
28	f.	33	4	-	Nher	CoE
29	f.	25	10	-	Swo	onHer
30	f.	35	10	4 (U.B.)	Swc	Swc
31	f.	63	-	-	Nwo	pen

Source: own data collection

294. In Table V, I use categories for the professions such as:

Swc: State employee/white collar; Swo: State employee/worker; Nwc: Negdel employee/white collar
Nwo: Negdel worker; CoE: Company employee; Coop: Cooperative (head); Nher: Negdel herder
prHer: Private herder; prhh: Private household; prEn: Private entrepreneur; pen: Pensioner
div: divorced; onHer: only herder resp. herder with no other income

It can be concluded from Table V, that there is a clear connection of school education resp. further education and maintenance of positions. Data of the State Statistical Office indicate that out of a total number of 3,520 officially registered unemployed[295] persons in Huvsgul Aimag there are only 16 with higher education and 74 with special education[296].

- Partners' occupation and household-income

Following Nee's market transition theory from socialist redistributive systems to market relations, in socialist economies certain groups defend interests of power and privileges which enable them to gain advantage in a market economy. Concerning the Soum-center residents, it has to be noted that many intermingling factors contribute to a family's social and economic standard, which will be discussed in the following. They are:

- the partners' employment and status
- the position of the family within and after the Negdel period
- the number of privately owned livestock and other possessions,
- the entrepreneurial perspectives of the individuum etc.

According to the interview-analysis, 22 of the informants' partners had been employed in Negdel times (twelve by Negdel, ten by State). In June 1993 only three of them still carried out their former occupation. In order to provide a comparison of the families' status before and after privatization, the level of monthly incomes[297] will be connected to the employment status in Negdel times and today including both, the informant and his/her partner (see Table VI). Subsequent to Table VI, a further step to the investigation of the assumed connection between former and current status or wealth is a ranking of the 31 cases, according to their estimated monthly income, to make some comparison possible (see Table VII).

295. See State Statistical office Sept. 1992.
296. Nevertheless, it should be taken into account that four of the informants' partners gained higher positions after the changes in Negdel times.
297. My estimation of the sum that each hh is entitled to earn as a monthly salary is the average of informations offered by the administration and the head of the company for the different income-classes. I assume for Negdel times (in TG) for Swc 800, now 5,500; for Swo 375, 3,700, for Nwc 600, Nwo 375, CoE 2.400; for Negdel herders 95, pensioners today 1,200. All sums mentioned are only relative values due to inflation. What is of interest here are the differences in wages for the above mentioned groups.

TABLE VI Partners' occupation and household income

		Negdel			After privatization		
ID	sex	informant	wife/ husband	income	informant	wife/ husband	claimed income
1	m.	Nwo	Nwo	750	prEn	Swo	3701298
2	f.	Swo	Swc	1175	pen	dead	1200
3	m.	School	school	—	onHer	Swo	3700
4	m.	Nwo	prhh	375	onHer	prEn	1
5	m.	Nwo	Nher	470	CoE	Swo	6100
6	m.	Swc	Swo	1175	prEn	prEn	1
7	m.	Nwc	Nwc	1200	pen	CoE	3600
8	m.	Nwo	Swc	1175	onHer	onHer	0
9	f.	prhh	Nwo	375	pen	dead	1200
10	m.	Swo	Nher	690	pen	onHer	1200
11	f.	Swc	div.	800	pen	div.	1200
12	m.	Nwo	prhh	375	onHer	Swo	3700
13	f.	prhh	Nher	95	pen	dead	1200
14	m.	Nwc	prhh	600	pen	pen	2400
15	m.	Swc	Swo	1175	prEn	prEn	1,1
16	f.	Nher	Nwo	695	prEn	CoE	2401
17	m.	Nwc	Swo	1175	CoE	Swo	6100
18	m.	Swc	Swo	1175	Coop	Swo	6100
19	m.	Swc	Nwc	1400	Swc	CoE	7900
20	m.	Swc	Swc	1600	Swc	pen	6700
21	m.	Swo	Swc	1175	onHer	Swc	5500
22	f.	Swo	Swc	1175	pen	pen	2400
23	m.	Swc	Swc	1600	Swc	pen	6700
24	m.	Nher	Nher	190	onHer	onHer	___
25	f.	Nher	single	95	onHer	single	—
26	f.	prhh	Nwo	375	onHer	onHer	—
27	f.	Nwo	single	375	onHer	single	—
28	f.	Nher	Nwo	695	CoE	CoE	6100
29	f.	Swo	prhh	375	onHer	Swo	3700
30	f.	Swc	Nwo	1175	Swc	onHer	5500
31	f.	Nwo	prhh	375	pen	dead	1200

Source: own data collection

298. To all persons who referred to themselves as private entrepreneurs, the figure "1" has been added as the last figure of the estimated monthly sum. In most cases of entrepreneurship a monetary profit was not yet achieved, although the initiative might hold some perspectives for the future, see chapter six "Entrepreneurs in B.-Soum".

TABLE VII Ranking of income (following Table VI)

ID	family income in Negdel	family income 1993
23	1600	6700
20	1600	6700
19	1400	7900
7	1200	3600
18	1175	6100
17	1175	6100
21	1175	5500
30	1175	5500
22	1175	2400
2	1175	1200
15	1175	1
6	1175	1,1
8	1175	0
11	800	1200
1	750	3701
28	695	6100
16	695	2401
10	690	1200
14	600	2400
5	470	6100
29	375	3700
12	375	3700
31	375	1200
9	375	1200
4	375	1
27	375	0
26	375	0
24	190	0
13	95	1200
25	95	0
(3	0	37 00)299

Source: own data collection

299. This case can not be considered since both went to school in Negdel times.
The ranking starts with the respondent with the highest income in Negdel times, followed by those with lower income. The second variable in the table lists the estimated income in the current situation to make a comparison possible.

The results of Table VI are ranked here, according to the respondents' income class. It has to be noted that this procedure does not serve to illustrate the real money available for a family, since most of them did not receive wages[300] any more. Rather does the ranking serve to reflect a persons or family's connection to a world different from a herder's life in the countryside. Life in a more urban centered world is usually associated with opportunities for change. Likely or expected perspectives for the future in this urban centered world are described in chapter six "Respondents'valuations and future perspectives".

It is noticeable that after the changes the three informants with the highest income in Negdel times (ID 23, 20, 19), became the three families who held influential positions which entitle them to the highest income[301]. They were the three informants working in state white collar positions, which they could keep from Negdel times, while their partners had become pensioners resp. company employees. Next in the ranking were couples (ID 7, 18 and 17) of which both partners kept positions or gained new influential ones. Given the fact that in many Negdels those persons with university-level education were uniformly offered party membership it is noticeable here, that all people of the sample who had such education are found in the highest income category, before and after privatization.

Three cases in the middle of the ranking list show significant deterioration concerning their employment situation (ID 15, 6 and 8):

Ganbileg (ID 15) and Dseman both lost their state employment (white collar and worker) and became private entrepreneurs. They faced severe shortages in their efforts to rebuild the Soum's hotel. Dseman worked as a cook in the restaurant and Ganbileg restored the furniture. The 22 sheep they received through privatization had already been consumed and there was no further life security left except some ten cattle which were looked after by the informant's brother in the countryside.

The case of Luvsan (ID 6) is similar. He had been State white collar (veterinarian), his wife had been employed as a tailor in a little state manufacture in B.-Soum. Both lost their jobs and were trying to get along

300. E.g. if a herder's income in Negdel times is said to have been 95 TG, this does not say anything about the real income a herder had at his/her disposal since bonuses, premiums and rewards were available according to over-fulfillment of plans. Further at the time of research, not every herder who did not have an additional income was necessarily worse off than others since first he/she may possess a huge herd and thinks of himself to be rich. Those entitled to a salary sometimes only gained the double burden of a livestock economy and in addition their job in a company or state institution without salary payments as illustrated below. The sum mentioned is less an information about money available than about their status which is connected to profession.

301. In Mongolia, a general trend to maintain positions from Negdel times until today is observable. Especially high positions are also kept on a governmental level.

with either producing Gers' furniture or sewing deels to inadequate conditions.

The couple of Tabor, Saran (ID 8) faced the same situation: she had been a veterinarian, he was a carpenter, employed by the Negdel. Now they were both private herders with no income but three little children to feed.

The seven cases at the bottom of the list's lower field seem to give reason to assume that those who were on the lower level of income before did not improve their situation. Four of the informants (ID 31, 9, 4, 27 and 26) had been employed as Negdel herders with the partner running a private household, one was a single Negdel worker (ID 27). They all had 375 TG at their disposal, now they were all private herders without additional income (31) and nine were single pensioners.

Conclusion

The conclusion which can be drawn is that there does exist a clear connection between a person's former and current employment situation. This underlines the aspect of the market transition theory, that former cadres or holders of high positions maintain their privileges through the transition. However it seems to be necessary to have a more detailed view on the meaning of job-maintenance involving the question of the impact of higher positions on the present life-quality. Contributing to the discussion whether there are winners and losers of the new system and how far the origin of the present status has to be seen in the previous one will be the connection of the respondents' profession/status to their number of livestock and to their own wealth categories, as well as to their entrepreneurial efforts in the following chapters. In advance, I will investigate the meaning of job maintenance in detail.

A closer look at those who seemed to be "well-off" according to the above described observations shows that their day-to-day life was sometimes even harder than that of those who had to care for their livestock only. Especially in case women were still employed, their burden had become extremely high. The recognition of the daily labor amount of women who ran a private household economy illustrates one big change after privatization, taking into account that many women, especially those living at the Soum-center had only recently started to produce the total amount of needed foodstuff as the main source of the family's nutrition throughout the year[302].

302. The changing incomes and expenditures of households are reflected in changing consumption patterns since privatization. Flour was previously the constant element of the diet throughout the year, with additional consumption of meat in winter and milk products in summer. The current shortages and high costs severely reduce or eliminate flour from daily diet, being replaced by greater amounts of

7. Women's and children's changing roles

- Subsistence production and state employment

The following case study of Orhon and her daughter Saran shall serve as an example to illustrate the effects of being employed and running a subsistence economy at the same time. The changes brought about a triple burden for women employed in Soum-centers. They generally had to guarantee the food supply for winter for the whole family and try to make up for lacking welfare after state financed services had declined.

> Orhon served as a nurse in the state hospital of B.-Soum-center. In summer, she lived in a Ger with Mergen and their two children, about four km away from the center, where they had to go nearly every day. In addition, Orhon and her daughter had to work an average of 18 hours a day[303] in order to produce food both for winter and for the daily nutritious needs in summer.

Before I turn to the organization of daily food production, the dairy products (out of a variety of about 150 kinds), which were produced daily or regularly during the six weeks of fieldwork in summer will be shortly described[304]. They were prepared using the different constituents of milk in the production process. Primary milk processing was performed through warming, fermentation and souring; afterwards secondary processing followed.

> **Products through warming of milk are:**
> Scum on boiled milk of cow, ewe or goat (Orom), which is kept frozen in late autumn for winter consumption. Microbiologically processed Orom is rich in various vitamins and protein organic acids. Butter (Shar tos), which is the product of processed and melted Orom, contains a large quantity of vitamins dissolved in oil, particularly vitamin A. Shar tos is added to tea or Tarag. White fat (Tsagaan tos) is made out of Shar tos which has been separated from Orom. Added to flour, sugar and edible plants, it is heated and consumed cold.

meat and milk products, over periods far beyond the seasonal norm. As a result, many households slaughter more animals for winter, see Cooper/Narangerel 1993:25-27.

303. One reason for the general preferential treatment of the urban population in adjustment programs and aid considerations is the notion that herders are capable of procuring their foodstuffs through household production. Therefore, they are much better supplied with food than the national average. Nonetheless, their newly restricted diet emphasises nutritional inadequacy and causes health problems as medical services decline, see also chapter two "The social constraints of structural adjustment".

304. All descriptions on processing see Adiya, Ts. et al. (1991:70-81).

Products through fermentation of milk are:
Yoghurt (Tarag), bacteria added to heated milk from all kinds of animals. Antibiotic substances are accumulated by milk acid bacteria and yeast. Cottage cheese (Aarts) is yoghurt separated from whey. Whey-free, dried Aarts pressed into shape (Aaruul), contains protein. Besides meat Aaruul is one main source of nutrition in winter, consumed between and with the meals.

Products through curdling of milk are:
Cheese (Bjaslag), made from fresh or boiled milk of cows, sheep and goats. For production warm milk is added to yoghurt, stirred and boiled to become curdled. Cheese is easily digestible and rich in protein elements. It is dried for later consumption.
Meat products (apart from fresh meat consumption) observed:
Dried meat (Borts) is sliced meat dried in the sun and wind under the Ger's roof during the warm season.

The production of the above mentioned goods dominated the daily work schedule for each of the 31 Ger households visited in June/July. In Orhon's household the situation became extremely difficult when she had to accompany her father to the Aimag's capital Moron for medical treatment, while the eleven year old daughter Saran, who was the only remaining woman in the household, took over her duties. In the following, her daily time table will be illustrated:

5 am: heating of the oven to prepare tea, firewood was prepared the day before. Green Chinese brick tea was chopped up, grinded and added with salt to the water in the cast-iron pot on the fire. Boiled milk, kept from the day before, was added.
Until 7 am: the family's cattle and yaks were milked with the help of the neighbor woman (around ten liters).
7 am: dairy production started with the boiling of half of the milk for Tarag. Saran added part of the yoghurt from the day before to some of the milk after cooling. After boiling for another hour the rest of the milk lumped and Aarts was ready which she filled in a piece of material serving as a sieve. The whey-free remaining dairy good was turned into Aaruul through pressing and simultaneously drying it under a stone in the material during the next day. Then it was cut into thin slices to dry up in the wind and sun on the Ger's roof for several days. The rest of the boiled milk was left in a stable state for the night to gain Orom.
10 am: Cleaning and tidying up the Ger and working tools like the milkmachine which was used every evening after milking (9 pm to 11 pm) for the separation of milk and cream.
12 am: Preparation of meals and cutting of Aaruul. Saran was either cutting hard dried meat with a self-made blunt knife or used some fresh

meat kept between the felt and the wooden poles of the Ger's roof. If flour was available she kneaded noodle pastry which after having been rolled out was dried on the oven and cut into small slices. This or some rice, which had become a luxury, was added to the salty water with meat for the only hot meal of the day, usually consumed in the evening whereas during the day everybody ate dairy products according to his/her own desire. Hot tea kept in a thermos was available during the whole day, especially for guests who are welcome at any time of the day according to fixed rules[305].

4 pm: Chopping of firewood for the oven with a huge axe

5 pm: Cleaning and tidying up again, especially dishes and cooking equipment, lacking soap and cleaning rags.

6 pm: Search for cattle grazing in the mountains around the valley. Saran's brother Tseren's task was to look for lost cattle in more distant areas by horse, sometimes for some days accompanying his father.

9 to 11 pm: Second milking was carried out, followed by the second dairy production of the day, consisting of yoghurt preparation and the separation of cream from milk. The milk machine had to be turned with a wheel for about an hour, afterwards the fat-free milk had to be boiled for the production of other dairy products. The cream was kept under one of the beds in the Ger for a later production of butter. Butter, prepared in summer, serves for consumption in winter when it had become rancid, mostly added to hot milk-tea. Due to the long period of daylight (from 6 am to 11,5 pm) the working day continued until it had turned totally dark[306].

Around midnight: End of a working day

Considering her situation, Saran did not deny that she felt overstrained. When her mother Orhon was there, Saran's day did not really look different, since Orhon used to carry out several tasks in addition (like sewing and washing clothes etc.). Then, both were busy from 5 am to 11 pm. Since Mergen was

305. According to Mongolian customs every guest, known or unknown, is served fresh hot tea and at least a bowl with rolls and a variety of homemade dairy products. Further, in case the guest finds the Ger empty, he is entitled to fire the oven and prepare tea or a meal by himself. Each visitor is invited to stay the night and feed his horse.
According to Campi (1992:3) the diet of the Mongols is unique and distinct from any other people's diet. Meat and mare's milk are staples, fish is not eaten for religious reasons and vegetables are basically an urban dweller's supplement introduced in the Soviet era.

306. Tseren and I helped Saran only to some extent. Tseren because he sharply distinguished between men's and women's duties and me because of my poor skills and abilities in keeping the oven running at the right temperature and simultaneously caring for the product on the fire. In the very strict organization of the daily work amount there was not much room for practicing, a spoiled unit of milk products meant a severe damage to the leisure requirements.

usually busy in the Soum-center at the mill or with other activities, much responsibility was taken over by the children[307].

Often after a day of household production Orhon had to attend the night shift in the hospital. She did not see her employment by the state as an advantage but as an extra burden. In Negdel times, when she had carried out the same job, most of her consumption needs had been met by the supply with commodities in the shops of B.-Soum-center, her children were provided with food at school. She had received a regular salary. Now the situation had drastically changed. There was no way to give up the private livestock economy so Orhon wished to quit her job which she had carried out for about ten years. She, who had been living in Ulaan Baatar for two years and had gone to the Aimag's capital several times, considered going "back" to the countryside to become a herder and live a rural life:

> "What advantage do we gain if we stay here? Anyway we have to produce our food. This is much work. Many of my colleagues already left the hospital. I cannot live like this much longer, especially if I do not get paid for my service. We should become real herders again, this is what I want. We will live in the countryside".

Everything in Orhon's biography pointed in the other direction: her own and her children's school education and life-perspectives were urban centred, her daughter wished to attend further education after finishing the tenth class. Presumably, this will be impossible if the family decides to live in the countryside.

Conclusion

The impact of subsistence household production on developing economies had for a long time been neglected. In the late 1970s and through the '80s, the "Bielefelder Verflechtungsansatz" stressed the increasing intertwinement of unpaid household production with the formal or informal labor market in "developing countries". In this context, subsistence production was not looked upon as a minor developed, preliminary stage of the higher developed market economy, but as an essential contribution to the functioning of the latter. It was

307. Saran never complained, but frequently she would not talk and showed clear signs of overtiredness. She said her life had changed a lot after privatization. She had always been living in summer on the pasture around the Soum-center, in a Ger with her family. There had also always been animals to milk and look after, but she associated a relaxing summer holiday with those times rather than work.

even stated that no economy or society can function without subsistence production[308].

The approach points to the degradation of women whose unpaid labor is exploited not in the sense of a precapitalist relic but, on the contrary, because it constitutes a main pillar of the capitalist system in any country. This fact, called "Hausfrauisierung" by Werlhof/Mies/Bennholdt-Thomsen (1983/88), is the process in which women are identified as the necessary counterpart of the male wage laborer all over the capitalist world. Thus they are unfree and dependent workers whose labor is appropriated instead of paid for. Consequently, household labor increases in times of crisis while wage labor decreases. This is exactly what happens in the present situation in Mongolia, not only in rural areas but concerning women all over the country. To me, the crucial point is that these changes occur after a tradition of relatively equal labor distribution under socialism when women were integrated into the labor market in rural and urban areas, while their domestic tasks were partly compensated for by collectives and the state.

To evaluate the intertwinement of income sources and activities within households, the Bielefelders developed five types of gradual combinations, which determine the amount of subsistence production and formal or informal labor contribution to a household's income. The main point (as illustrated in all five types) is that there is no subsistence production existing which is separated from market relations. It suggests that the whole amount and the whole range of products people produce, will not be completely consumed by themselves but part of it is intended to be sold on the market.

While these findings might be valid for the bulk of countries undergoing the gradual transition to industrialization and free market relations, I state that the present Mongolian development trend in the rural areas is special and cannot be classified as belonging to one of the five types[309]. In the remote areas of Mongolia (like the place of research) the national and international political and economic changes brought about a subsistence economy which, except for some veterinary and human medicine provisions, tends more and more to separation and isolation from market relations or institutions of a higher order (like the State). It is observable that people produce a variety of goods only for the purpose of meeting household nutrition needs throughout the year in the

308. See Evers 1986:2.

309. The Bielefelder approach stresses the meaning of urban subsistence production which is linked with formal and informal labor market relations. This is also valid for the urban areas of Mongolia. Especially the fifth, so called IS-type (Informal and Subsistence Sector Type) may be apt. It is stated that in this type the informal sector is the dominant income source, which is closely linked to subsistence production (Evers 1986:3). This combination appears particularly in the Ger-settlements of urban Mongolia under conditions of unemployment.

absence of commodities which were previously available from shops and traders.

However, the notion of pastoralists' indepedency is anything else but a romantization of Mongolian nomadism. In some areas where even flour became unavailable, herders try to satisfy their nutrition needs with a severely restricted diet, namely with milkproducts and meat[310]. In reference to the health problems due to nutritional deficiencies which will follow an increasing dependence on animal foodstuffs, Strickland (1993:7) notes that "It can be speculated that Mongolian diets containing high concentrations of protein, whether seasonally or throughout the year, may contribute to poor calcium availability (....) If this is shown to be a seasonally significant factor, then it may become more important as families are forced to depend increasingly on highly proteinaceous diets of meat and the products of milk from their livestock throughout the year."

I conclude that the present situation of a total "rolling back of the state" exposes herders to conditions which will be unbearable in the long run. According to Szynkiewicz (1989:35), periods of forced self-sufficiency in the Mongolian history could not last longer than one decade. This is a considerable long period in comparison with any group of 'typical East African nomads' who, according to Schlee[311], will not even manage to live self-sufficiently, i.e. without market relations, for the period of one year. However, with regard to a future perspective of subsistence economy of Mongolian herders, any limit to self-management gives rise to apprehension.

Concerning the conditions of people living in the center of B.-Soum, described in this chapter, it is notable that subsistence production without market oriented ambitions is non-existent at present. But the observable trend of cutting off from the center and moving to the countryside gives reason to suspect that the future life situation will mean separation and isolation from market relations. Thus, I would call this development a clear step backwards, considering the development trends described in the Bielefelder approach.

There is another feature of the present Mongolian development that runs counter to a phenomenon observable in other "developing countries". It is suggested that the processes of increasing industrialization of the economy and market-intertwinement are reflected on the individual level in prospects to manipulate the own biography. An individual personal design of existence becomes possible through the choices offered by cultural change (and the

310. It has to be noted that the people I asked for their perception of the circumstances generally missed the few things they were used to procuring from the market. In spite of this, they were confident that the absence of these commodities does not affect their well-being, due to the security provided by privately owned livestock.

311. Personal communication October 1994.

gradual change in the norm system of individuals), which go in line with the political and economic transformation[312].

Gerke (1992) illustrates such a development with the story of rural Javanese women, who gained greater control over their lives by using modern contraceptives. In the course of an economic transformation process women lost employment opportunities in agriculture and found new means of economic reproduction in off-farm employment. Simultaneously, for the first time they had the chance to receive the same education as men. The transforming socio-economic environment offered chances for private and professional female activities[313]. For some women these so far unknown challenges resulted in the development of new life plans (Gerke 1992:192). Based on Gidden's actor oriented approach the author shows how social actors get involved actively to influence their environment[314].

I state that to some extent such a personal manipulation of the future had become possible in Mongolia in the course of the socialist development during the last decades. Women were more and more encouraged to enter the labor market while their domestic tasks were compensated to a large extent by a comprehensive social welfare system[315]. Until recently the discrepancy between the individual's level of education, experience and integration into a national system and his/her nomadic lifestyle has been a worldwide unique and fascinating feature of the rural Mongolian society. It enhanced the development and performance of 'modern' skills and professions while maintaining a pastoralist lifestyle.

As the above detailed personal description of the effects of privatization on an individual household shows, it seems that there is a clear trend backwards concerning the active design of the own biography. The management of everyday life forces especially women to go back to their role of an exclusive responsibility for the maintenance of reproduction within the household.

312. See Evers 1964.

313. In this context I would like to stress that the argument of positive manipulation of the future by the use of contraceptives is serving the international agencies as a legitimation for health-threatening and inhuman methods of family planning in the "Third World", based on "policies along race and class", see Akhter 1993 (UBINIG and resistance network).

314. Gerke stresses the point that increasing feelings of competence for the design of the personal future can easily turn into frustration because of limited employment opportunities (1992:198). In my view this frustration is a consequence of a too tight belief in the fair distribution of chances in the new system. There is no country undergoing the significant process of change to worldmarket relations and industrialization, in which parts of the population are not pushed to the margin of society.

315. There is no doubt that the socialist labor policies imposed heavy burdens on women since in most cases salaries were so low that there was a need to earn two salaries for a sufficient household income. Furthermore, herding women faced the double burden of producing for the planned targets and maintaining the own household economy. However, principles of equality existed which opened the way for many women to change their prospects for the future.

To my view, the development described in this chapter marks a significant turning point for the rural Mongolian society as a whole. The future absence of the comprehensive socialist system, which even influenced social practice, creates a vacuum which some people I met associated with "freedom", meaning multiple future orientations. As illustrated in chapter "Entrepreneurs in B.-Soum" there are some individuals actively involved in new strategies, though under very restricted conditions. Nevertheless it must be stressed that given the actual need to organize a pastoral life without the previous support, the choices for orientation are drastically reduced for a majority.

Contributing to this latter notion is the rising number of children leaving formal institutions, which will be shortly illustrated in the following.

- Children and school drop-out

For those children who will follow their parents to live in the countryside this step means a heavy reduction of their future opportunities for social mobility. While Nee (1989:674) notes for rural China, that more schooling did not entitle the village youth to a cadre position, in Mongolia, as mentioned in the previous chapters, the quality and length of school and higher education had an impact on positions and income levels. I assume that for any occupation other than herding, this will be valid in the future too.

Since the abolishment of the socialist system, children throughout Mongolia tend to leave school before they have finished the obligatory eight years. During collective times schools in Mongolia have been centralized in the Soums. The rural population is spread over large areas, so that children from outside the Soum-centers had to stay in dormitories to attend school, if they did not live together with relatives in the center. Due to the breakdown of the previous supply channels the dormitories faced severe problems in maintaining services. Lack of heating material and food caused many dormitories to close.

A study conducted by a joint Danish-Mongolian team under the supervision of DANIDA[316] reports that the drop-out rate in Mongolia was 21.8 % in December 1992, in Huvsgul Aimag the rate amounted to 19 %. The highest rates are recorded in Soum schools. In a survey, school managers in ten different Aimags were asked to list the main reasons for drop-out. These were in the first place (31 %) economic problems of the households like insufficient clothing for the school-children, insufficient transport means and foodstuff and the need for additional labor in the household. Curriculum and bad school conditions were also mentioned frequently. The report further stresses the

316. Danish National Development Agency

complaints of parents that boarding schools alienate the children from their roots since the curriculum does not reflect herders' life conditions or include the basic skills of breeding activities.

What almost seemed to provoke drop-out, was the way the dormitory administration charged parents for the services which previously used to be free. Often the costs for feeding the child at home were lower than the payment, so parents decided to keep their children at home. Among the drop-outs, there was an overrepresentation of children living with single parents, of boys (60 %) and of children of rural inhabitants.

In B.-Soum, in summer 1993, almost 50 % of the schoolchildren had left school[317]. Only one of the former four dormitories could still provide its services. The main reasons for this were the inability of parents to pay the fees and the need of additional workforce at home. A big problem was that the seven to nine year-old children did not appear to enter the first class. From 1992 the government established a transitory regulation. The leaders of the Aimags could decide whether the obligatory education was reduced from eight to six years and the summer holidays were extended to five months instead of 2.5. Teachers were obliged to go and pick up the children who did not show up after the summer holidays up to the sixth class[318].

Conclusion

The increasing trend to leave school, similar to the households' shift from market supply to subsistence production, will have significant consequences for the future perspectives of children in a market environment. The necessity to adjust to new conditions requires an even increased ability to learn and acquire techniques to cope with the different situation. In other words, the demands of market relations increase the value of formal education for the household. Harper (1992:29) stresses the strong correlation between an individual's level of education and productivity or income for two reasons. Education actively increases the capacity for productivity and it acts as a screening process to identify those who will succeed. The latter proved true in the process of job reallocation as outlined above. Whether in the case of Soum-center residents former education will enhance their capacity for productivity under the changed conditions, will be investigated in the chapter "Entrepreneurs in B.-Soum".

317. Informations provided by administration employee, responsible for education, July 15th, 1993.
318. The detailed DANIDA-study contains advices for a future education policy which should concentrate on a flexible or two-system strategy to teach urban and rural children each according to their specific requirements.

Poor households tend to be affected both in absolute terms and relatively in comparison to those who gain from adjustment. The problem becomes evident in a comparison of nomadic and settled communities in other countries where nomadic communities without proper schooling lag behind the sedentary, facing greater poverty and discrimination. In general, the boarding system causes immense personal and material costs for the child and its parents (lack of labor in household economy, permanent separation, adequate clothing, transport costs), while the benefits which are returned to the nomadic community remain low. Especially under the new social and economic conditions, Mongolian herders were no longer willing and able to accept such costs. One solution to the problem how to address children, proposed by DANIDA (1993), would be to change the 6-2-2 system, wich includes eight years of compulsory education to a system with less compulsory years and with a changed curriculum, including aspects of pastoral economy in market relations. Another solution which is not less difficult to put into action is seen in establishing structures for mobile schools and teachers on the Bag level. But as experiences in the previous Soviet Central Asia and Iran show, though relatively successful, the catchment is low if households are very scattered.

8. Status, wealth and possession of livestock

A very important role in decision-making, such as moving from the center to the countryside, plays the amount of livestock at a family's disposal. In case a family like Mergen and Orhon owns enough livestock to put up with the risk of an individual livestock economy[319], they are advantaged for at least having the choice.

According to the above discussion, it seems that the old status symbols have lost their meaning with the abolishment of the socialist order. Instead of highly valued positions, ownership of livestock became crucial for the guarantee to a secure existence. Therefore I will investigate other factors, like the amount of livestock privately owned in Negdel times[320] and after privatization. The amount had partly been determined by the influence and power of certain positions the actors held in the Negdel. Through the privatization process, all

319. In contrast to them, families like Tabor's (ID 8) did not have such a choice. Their children were two, four and eight years of age. Except for the eldest son they did not contribute to household production. Tabor had worked in the Negdel for 14 years as a carpenter while his wife was a veterinarian. Both lost their jobs and had no income afterwards. Their amount of livestock was much too small to build an existence and they had to stay near the center to wait for a job. In addition, they were both not used to herding.

320. This question is interesting according to the fact that livestock possession was limited in Negdel times: the higher the position the less animals were allowed, see Sanders 1978:87.

informants received livestock according to distribution strategies on which the members of the former Negdel had agreed (see chapter four).

For the red coupon, 22 of the informants received exclusively livestock, for the blue one their number is 28. No matter for how many years a person had worked for the Negdel. in "Newlife" Negdel all coupons represented the same value, namely 3,000 TG for the small and 7,000 TG for the big privatization, whereas in other areas the value of the coupons was partly scaled. All inhabitants received livestock of all five species according to the number of vouchers available to a family. Individual choice of herd composition was limited according to the relation of the number of one species to the number of inhabitants. After privatization many informants tried to change the composition of their herd individually through the exchange with others and concentration on breeding the favored species.

Number of livestock related to income classes before privatization

If today's professional status, as shown in Table V and VI, is connected to the status before privatization (although this does not necessarily mean an advantage in everyday life), the question arises whether the families with the highest income consequently possess the biggest number of animals (a share of which they already possessed in Negdel). I assume that those who exceeded the allowed limit of animals in Negdel times were people in higher positions or those who were influential because of their breeding skills.

The position with the highest prestige and influence was that of a state employee in white collar position. Therefore, the respondents who held such a position and their amount of animals in Negdel times will be investigated.

State employees were limited to the possession of eight cattle resp. 48 sheep, for Negdel employees the number was 16 resp. 96 sheep, herders in the Northern part of the country were restricted to 50 (up to 17 may have been cattle or horses; leading to a total sum of 135 sheep-unit) and in the Southern part 75 head of livestock[321]. Here again, the partners' profession has to be considered, since the number of animals was limited due to that member of the household whose profession allowed for the higher amount of animals. This means, if one was state employee, one Negdel employee, the household was allowed to possess 96 sheep-unit, if one of both was employed as a herder, the family's limit was even 135 sheep-unit. In case both partners were employed by the state, the couple was not allowed to possess the double amount of livestock but only 48 sheep-unit.

321. See Jagvargal 1981:22.

In ten out of 31 cases, both partners had been state employees in collective times and therefore entitled to eight cattle or 48 sheep-unit. Nevertheless, five of them possessed more livestock illegally, three of them even three times more than they were entitled to. This was only possible because others were herding the additional cattle secretly in the countryside. The cases of Tseren and Zanaa shall serve as examples:

> Tseren (respondent 18) was an influential person, being the head of the Consumer Cooperative. In Negdel times he had been leading the Central Procurement Cooperative in another Soum. He had extended his former limit in Negdel up to 124 sheep-units, similar to Zanaa (respondent 22), who owned most livestock of all informants, namely 148 sheep-unit, although he was entitled to possess only 48. This is even more than any herder (who was allowed to own up to 135 sheep-unit) possessed. Although this number does not fully represent the amount of "illegal" livestock Zanaa kept, since he had the chance to increase his herd after he had become a pensioner, according to his wife Ojanga he always had acquired livestock far beyond the limits. He had been, as mentioned above, one of the founders of the "Newlife" Negdel and among the most influential people in the Soum.

Conclusion

Those among the informants who had been in high social positions and upper income levels before the Negdel disbanded, owned the biggest share of illegal livestock. This indicates that they had gained some advantage out of the abuse of opportunities linked to their positions. After privatization, the animals acquired in Negdel times, had a significant impact on the life-situation, since they had not been confiscated for the reallocation process. While members of the Negdel had been entitled to purchase animals for consumption from the Negdel at very low member prices, state employees had been disadvantaged. It seems that state employees did not owe much respect to the official limit. It has to be taken into account that mostly they had placed their animals in the care of other herders. They became absentee herd owners and did not actively increase their herd. In case their livestock was distributed among several relatives or friends, control by the heads of the Kheseg was hard to exercise.

Among those twelve families who had been entitled to own 96 sheep-unit, only one had exceeded the limits. All other informants' families stayed under the official limit for livestock possession in Negdel. To sum up, among the group of state employees five out of eight families went beyond the limits illegally, in the group of Negdel employees only one of twelve, and in the herders' group none.

Nevertheless, the greatest chance to gain advantages through the possession of private animals was found among the group of herders. The problem of favoring privately owned livestock, while neglecting the collectively owned, brought about tough regulations in 1978. After two years of disastrous setbacks in the production target, herders were told to strictly keep to the Negdel rules and, for the first time, to partly sell the products of their privately owned animals to the state, namely meat, wool, milk and butter. The main reasons which caused such resolutions were the fact that herders increasingly tended to swap animals of high quality from public herds for their own sick stock and that through a lack of attention and care publicly-owned stock produced fewer offspring. Further, the trend to brake the rules on the private possession of livestock had widely increased. Ear-marking and branding of animals in communal herds was one consequence. Strict new regulations on personal stock holdings were published in a decree of the Presidium of the People's Great Khural. fixing the limit for city dwellers to eight and for most rural labor categories to 16, as mentioned above. Moreover, the Council of Ministers had issued instructions on Negdel membership, defining more strictly the size of households, so that distant relatives could no longer be counted as keepers of personal stock. In the following, all animals exceeding the official limits were subject to obligatory sale to the state or cooperative organizations. Continuing its incentive-directed strategies for cooperation with herders, the State Committee for Prices and Standards had simultaneously announced retail price reductions on cloth, TV-sets, refrigerators, cameras and footwear for rural inhabitants[322]. Already in the first quarter of 1978, as a consequence of the innovations, the number of collective animals born surpassed the total number of the previous year and the survival rate was much higher[323].

According to informants in B.-Soum, the most deplorable loss after the changes was the clearly defined legal framework which had provided general security. Within this framework, everybody in the community had carried out illegal activities. Though not officially acknowledged, this was known and tolerated by everybody. This is how the old system functioned. Self-provision had always contributed to the households' well-being and the impact of informal transactions among the people on personal gains was high. Unfortunately, the people I could ask were not interested to give more detailed informations about these transactions, but it is obvious that today's property structure is linked to possessions people had already acquired in Negdel times. Because of the fact that formerly private animals were kept through the privatization process, their

322. None of the families I visited during my fieldwork either possessed a TV-set, refrigerator or camera.

323. See Sanders 1978:87. The author does not further characterize the group of people who went beyond the limits more than others.

number is significant for the present wealth status of a family. Entrepreneurial initiatives of the more privileged and of some eager herders has contributed to wealth differentiation. Due to this, a situation the collectives were supposed to abolish had been reinforced.

Property (livestock) related to wealth categories after privatization

Continuing the analysis of status connected with possession, the individual's or family's wealth status as perceived by the informants themselves, in relation to the real number of animals or other possessions[324], should be investigated.

Since the main indicator for a family's wealth status is the number of privately owned animals, the informants' perception of their family's wealth before the revolution (1921) and before collectivization (late fifties) is listed in Table VIII. The number of animals, summarized into groups, are related to the status-category people ascribed themselves to. The family's claim for monthly salary will be included as indicators for status and wealth[325].

Table VIII shows that for the present situation all informants except for three categorized their wealth status as "medium" , while the valuations of the former status show great variety. One main factor might be uncertainty caused by the fact, that the voucher system of equal distribution to each inhabitant of the Soum favorized big families, who gained a relative advantage, because all children contributed with their shares to the family's wealth. Now they might possess more livestock than ever, without explicitly realizing it as a change in their wealth status. This is connected to a weak impression and lacking experience of how the herd size will develop in the future and how many animals are needed to guarantee sufficient food supply for the family. Families, who are not used to being herders as some former state or Negdel employees, may not know yet how to deal with their new situation.

324. These topics were included in the questionnaire. Four answer categories such as: 1) rich, 2) well-off, 3) medium and 4) poor, without further investigation were provided. The questions concerned the informants' estimation of: 1. their current status, 2. when the family entered Negdel, and 3. the status they ascribed to their family as before the revolution. The number of livestock, stated by the informants as representing the present situation, is the sum of animals which were privately owned in Negdel times, received through privatization, lost or gained through trade or lost in the winter Dsuud. Although data exist for all four cases, it is impossible to comprehend the origin of the number mentioned in detail. E.g. the number of household members who contributed to the family's wealth with their vouchers is not taken into account here. Results see Table VIII.

325. Swc: 5500, Swo: 3700, CoE: 3400, Herder: 0, PrEntre: 1, ??: do not remember, do not know.

TABLE VIII **Property (livestock) related to wealth categories after privatization**

ID	Sheep unit 1993	Familiy status 1993	Claimed income 1993	Sheep unit pre-Negdel	Family status pre-Negdel	Family status pre-Revolution
1	36-100	medium	3701	??	well-off	medium
2	36-100	medium	1200	120- 250	well-off	well-off
3	100-160	??	3700	??	medium	rich
4	100-160	medium	1	??	medium	rich,well-off
5	160-230	medium	6100	??	well-off	rich
6	160-230	medium	1	??	medium	medium
7	160-230	medium	3400	250- 440	medium	poor
8	36-100	medium	0	??	rich	rich
9	100-160	medium	1200	120- 250	rich	rich,well-off
10	100-160	medium	1200	250- 440	medium	medium
11	230-300	medium	1200	250- 440	well-off	rich (1300)
12	160-230	medium	3700	??	poor	poor
13	160-230	medium	1200	120- 250	medium	medium
14	160-230	medium	2400	29- 120	medium	medium
15	36-100	medium	1	29- 120	poor	poor
16	160-230	medium	2401	840-1000	rich	rich
17	300-376	medium	6100	440- 840	well-off	well-off
18	160-230	medium	6100	29- 120	medium	??
19	100-160	medium	7900	440- 840	rich	rich
20	100-160	medium	6700	??	medium	medium
21	100-160	medium	5501	??	medium	medium
22	230-300	medium	2400	250- 440	rich	rich
23	160-230	medium	6700	120- 250	well-off	medium
24	300-376	medium	1200	29 -120	poor	poor
25	100-160	medium	0	??	well-off	rich
26	100-160	medium	0	77	medium	medium
27	36-100	medium	0	29- 120	medium	medium
28	160-230	medium	6100	29- 120	medium	medium
29	36-100	well-off	3700	29- 120	well-off	well-off
30	100-160	medium	5500	??	medium	well-off
31	100-160	poor	1200	29- 120	well-off	rich(480)

Source: own data collection

Loosha (respondent 24), who at the time of research, owned the second biggest herd after Mergen (respondent 17), namely 357 sheep-units, declared himself as "medium" like nearly all other informants. His family consisted only of three persons who had contributed with their coupons, which were all spent on animals. He proved to have carried out most trading and exchange activities, so that he was able to increase his herd to a remarkable size. His 17 year old son contributed with his skills in herding and breeding animals. Loosha, who called his family poor when it entered the Negdel, did not classify himself much different from the former status. He belonged to the group of informants who had faced big losses in the winter Dsuud, when five of his cattle, 10 sheep, 5 goat and one horse died. Without an insurance to deal with these losses he had to take all risks himself. This might contribute, as mentioned above, to insecurity, although he is well-off concerning the number of animals in comparison to the other informants.

Conclusion

Although it can be concluded that people were more able or willing to categorize their families' former status, they did not differentiate for the present situation. This is also true for poverty concepts. Findings of Potkanski/Szynkiewicz (1993:69,70) underline this conclusion. While in many other pastoral societies precise concepts for poverty or a typology of poor people exist, both in the Gobi and Arhangai nothing similar could be identified. The authors see one reason for a lack of poverty concepts in the fact that in a collective economy poverty means something different from poverty in a market economy, where producers do not receive assistance from parental organizations. Risks and the minimum existence level are so difficult to estimate that even the question of how many animals an average family should possess in order to survive, could not be answered, due to lack of experience[326]. The authors call this conceptual chaos a characteristic feature of economic consciousness in societies undergoing transition as in Mongolia.

One big constraint to the increase of the number of livestock is the Dsuud which threatens the herds each year. Nearly each informant lost lots of animals during the spring period of 1993, sometimes even more than they had originally received through privatization. This is especially striking since now the individual herding family had to put up with the losses, while before the collective had substituted them. The "economic-aid insurance" was, until 1990, a compulsory insurance for each member of the Negdel. e.g. for the whole

326. Tendency in the Gobi: below 40-50 head for economically unviable level of poverty, as recorded by Potkanski/Szynkiewicz (1993:70).

property including animals. In 1993, it counted 300 members in B.-Soum on a voluntary basis, with a yearly fee of 150-200 TG, up to 10-20,000 TG. It is important to mention that the newly organized insurance is not equal to the collectives' previous insurance system, since livestock is only insured against accidents, not against natural calamities. At present, such losses are defined as the herder's inability to save his herd either through Otor (long distance moving from the camp) or provisions to prevent the freezing of animals, or through sufficient fodder supply[327].

9. Absentee herd owners

One rising phenomenon is a pattern of mutual assistance between herders and herd owners. The latter are people who received animals through privatization but do not herd themselves. While during the Negdel period this institution existed on a very reduced scale, it now expands, especially among urban residents. Since this customary pattern is easily associated with features of the old tenant system, I will investigate the relationship between herders and herd owners.

Herding family's status compared to owner's status

In connection to the above analysis about wealth status, people were asked to evaluate the status of the herding family compared to their own. It turned out that out of 23 informants who let others herd their animals, 13 ascribed their own "medium" status also to the herding family, whereas five informants (who had also placed themselves in the medium category) ascribed a higher status to the herding family.

Concerning the group of informants, a clear hierarchy between the status of two groups is not observable, since people themselves did not perceive a relationship that could be associated with tenancy. Neither welfare nor exploitative aspects were connected with the fact that some people let others herd their animals. Instead the arrangement was referred to as mutual assistance and the principle was not new. The reason for the absence of any formal

327. Out of a total sum of 5,045 sheep-units, which the informants possessed half a year after privatization, 466 sheep-units were lost in the winter Dsuud. namely an average of 15 per person, or 9.23 % of the informants' total herd. Those informants, who did not loose any (five of them) praised the herding family for being good and intelligent herders, since they had taken the animals on Otor at the right time. According to Sloane, for many years losses of adult stock have not been lower than 800,000 per year of adult stock and losses of new born stock not lower than 1 million (1991:33). Thus, 6.9 % of the national herd was usually lost.

arrangement, as given by the informants, was that the relationship's basis was 'friendship' and 'help'.

Nevertheless, in the present situation, some cases are recorded when after natural calamities a wealthier family gave animals to an impoverished family to partly unfavorable conditions for the family in need. These cases refer to the 'snow catastrophe' which in the spring 1993 killed a huge number of animals and even some people[328]. Especially threatened were those families whose livestock number was too low to provide an existence minimum as well as those who just recently had become herders. These two groups often overlap. Other extremely vulnerable groups are single, female or pensioner headed households, since they often lack sufficient labor supply. In some very few cases limits of neighborhood solidarity were registered to the extent that one family was even left without any help. Although this should be registered as an exception, it hints to the alarming situation of impoverished people in the absence of state insurance. Kin and neighborhood assistance patterns are obviously not yet sufficiently re-established to guarantee for an emergency aid[329].

For an investigation of the relationship between herder and herd owner among the group of informants, questions concerned the payment and the relation of both in Negdel times and under new conditions.

328. See chapter four "Poverty concepts and poverty lines".
329. See also Galperin 1993.

TABLE IX Absentee herd owners

ID	1	2	3	4	5	6	7
1	kin [330]	livestock	kin	livestock	cow,sheep	kin	nothing
2	myself		friends	livestock	cow,sheep	friends	nothing
3	—	—	kin	—	cow,sheep, goat	---	—
4	brother	material	brother	shan	cow	brother	1 sheep
5	bro/sis	nothing	bro/sis	shan	cow	bro/sis	nothing
6	parents	goods	parents	shan,money	cow,sheep, goat	—	—
7	brother	livestock	brother	livestock	cow	brother	livestock., wool
8	brother	livestock	mother	salary	cow,sheep, goat	—	—
9	myself	---	myself	—	—	—	—
10	wife/mys		myself	—	—	—	—
11	kin	1 sheep/year	myself	—	—	—	—
12	kin	shan, livestock	kin	furniture	cow,sheep, goat	kin	shan
13	myself	---	myself		---	—	—
14	bro/sis	goods	myself	---	—	—	—
15	---	—	brother	shan,flour	—	---	shan
16	bro/sis	1 cow/year	bro/sis	1 cow/year	cow,sheep, goat	friends	nothing
17	bro/sis	saddle etc	bro/sis	saddle etc	cow,horse	bro/sis	nothing
18	parents	shan,money	parents	money	cow	parents	nothing
19	bro/sis	shan,money	bro/sis	shan	cow,sheep, goat	bro/sis	nothing
20	bro/sis	money	wife	—	cow,sheep, goat, horse	—	—
21		—	friends	2 new born	cow,sheep	friends	nothing
22	bro/sis	mat.,salary	bro/sis	salary	cow	bro/sis	salary
23	father	mat.,money	friends	shan,money	cow,sheep, goat	—	—
24	myself	...	myself	---	—	—	—
25	kin	1 cow	myself		—	—	—
26	parents	new born	myself	—	—	—	—
27	kin	1 cow	friends	1 new born	cow	friends	3 sheep
28	friends	money	friends	medicine, material	cow	friends	nothing
29	friends	shan,money	friends	fodder, cloth	cow	friends	nothing
30	bro/sis	shan,salary	bro/sis	salary	cow	bro/sis	nothing
31	friends	1 sheep	friends	3 sheep	cow,sheep	friends	1 goat [331]

Source: own data collection

330. The term "kin" is used in case the respondent did not further specify who of his/her relatives cared for his/her animals.

331. Table IX illustrates the relationship between herd owner and herding family, concerning forms of payment in Negdel and today and whether it is based on kin or friendship ties. It further gives an insight into the kind of relation between herd owner and herding family concerning the questions:
1. Who cared for your animals in Negdel: 2. What did you pay them; 3. Who is herding your animals in winter; 4. What do you pay them; 5. Which animals do you care for in summer; 6. Who is herding the rest; 7. What do you pay them

1. Negdel times

As Table VIII indicates, all informants (except ID 3 and 21) owned animals already in Negdel times. Five of them herded their animals in the countryside, three let friends care for them and the clear majority of 21 had brothers, sisters or parents, who herded their animals, while they were busy in the Soum-center. Asked what were the conditions of this relationship, it turned out that contractual or formal arrangements did not exist. In most cases the payment consisted of gifts or the exchange of goods. In Negdel times the 24 informants had paid either a salary (2 cases recorded) or a "Shan" which means a reward or premium for services. These included non-monetary commodities like material for a Deel and the "Bous" (belt), or handmade wooden commodities like saddles or Gers' furniture, or bridles.

Concerning livestock as a means of payment, a difference between the value of payments given to friends or relatives is not observable. The three informants who, in Negdel times, let friends care for their livestock mentioned money, Shan or sheep as a payment, while interestingly in two cases a regular monthly salary was paid to brothers and sisters.

The main difference between the arrangements of the Negdel times and at present was the size of the herds. While 28 informants owned 2,432 sheep-units when the Negdel disbanded, the number was risen to 5,045 after privatization.

2. Present times

Case studies carried out in Dornogobi and Arhangai resulted in more clearly defineable patterns of the relation to friends in contrast to relatives: For animals kept with relatives, no cash payment for herding was recognized, new-born animals belonged, like in B.-Soum. to the owner. In general, only milk belonged to the herding family, while all other products including processed milk were used by the herd owner. In months of highest labor demand the relatives usually expected the absentee owner to contribute labor of at least one family member.

Concerning animals kept with friends, a small cash payment was recognized as common, although a guideline for pricing was non-existent. To a negotiable extent new born animals and animal products belonged to the herding family. Labor input from the herd owners was in general not expected[332]. Half of the herd owners said that it was still the same family as in Negdel who was taking care of their animals. Four people herded themselves, five have always done this. There were still only three persons who were paying a salary of TG 500 to those who herded their animals. The latter, in contrast to the findings in Arhangai and Dornogobi, were relatives of the herd owner.

332. See Potkanski/Szynkiewicz 1993:52.

It is noticeable that in the present situation a bigger variety of commodities which were given as "payment" to herding friends, was mentioned than in Negdel times. This was due to the increased scarcity and therefore risen value of several commodities. There has been no need to exchange medicine, fodder or clothes between the inhabitants of B.-Soum in Negdel times since they were provided by the Soum and Negdel administration. While in general absentee herding-relations were kin based, in some cases, as shown above, non-kin bonds were also exploited. Nevertheless, in two cases (ID 23, 27) the relationship shifted from kin-based to friends. In both cases, relatives were no longer capable to take care of an additional herd.

Another aspect is the question which products of their own livestock people regarded as their property, while others took care for their animals. Three informants explicitly pointed to their attitude to let the other family use all products except for meat, while all others took meat, milk products and some goat wool from the herding family.

Labor assistance was especially provided in August by the herd owner to the herding family. 16 of 22 "absentee herd owners" of my sample were involved, on the same scale as friends or relatives. The individualized fodder preparation brought about a big change in labor demand. Preparation and distribution, before privatization centrally organized, became one of the main assistance items to the herding families[333]. Those who had access to a tractor or vehicle helped moving to a new pasture in summer or paid for the necessary vehicles.

Conclusion

Concluding the above informations, it is obvious that there were no fixed rules or conditions of agreement concerning rights and duties established. The herding of the one party of the agreement and the payment and help provided by the other followed customary patterns of exchange and assistance in a situation of pressure on those who lived at the Soum-center. This group of herders/administration employees faced several changes in everyday management which, without the readiness of others to look after their animals would be extremely difficult.

The institution of absentee herding has some structural similarities to the pre-revolutionary relationship between herd owner and herding family in the

333. Additional fodder first became necessary when the Negdel organization directed its efforts to the intensification of the livestock economy. Fixed winterplaces and provisions like shelters for animals made moving in the coldest time superfluous and intensive care possible. The procurement of additional fodder was less a problem in Huvsgul Aimag. E.g. in the Gobi zone, where scarcity of resources forced the administration to import fodder from other areas, this was a costly task.

monasterial estates. Therefore I investigated the conditions of the individuals involved. I conclude that with regard to their mutual dependence in the present situation, clearly defineable hierarchical structures in general do not developed.

It can only be assumed, that in case the inhabitants of the Soum-center will develop entrepreneurial efforts, like the investment in livestock for commercial purpose and monetary profit, some characteristics of the institution may become comparable to the old tenant system. This scenario, however, cannot be confirmed by my observations (except for the case of natural disaster recorded in chapter five). The ten families visited in March/April, who were partly to a huge extent herding other people's animals, did not depend on the products they gained for their services[334].

African experiences bear some possible scenarios for the Mongolian development in case the institution expands. For East African pastoral communities, increasing gaps in wealth, due to commercial production, are recognized. These brought about principal-agent relationships. They are a result of the need of settled herd owners to let relatives or non-kin herd their animals in cattle camps which are sometimes too far from the town to maintain a regular control of the herding activities. Especially after huge losses in the 1975 and 1985 drought, when some herd owners lost about half of their animals, the discussion around the organization of absentee herding arose newly. Obviously many of the young herders either neglected their duties or used the chance to cheat by selling cattle. Later they declared those animals had died in the drought. Cattle herding in East Africa is a risky and difficult task due to natural conditions. In addition, the risk to some households' economic resources is enormous, if 60-70 % of a herd is kept in remote cattle camps, out of supervision of the owner.

One interesting result of this conflict is a change of the relationship between herd owner and herder. While on the one hand informal relations became formalized and individualized, the patron-client-"contract" is not identical to the pure wage contract, it can not be regarded as purely economic. Rising risks and costs are connected to the fact that livestock is in care of partly non-kin, even unknown herders (agents). This brought about the need for trustworthy relationships between owners and herders. Today, many of such relations are determined by paternalistic characteristics that proved to keep the 'agency costs' low[335].
According to the fact that risk can be reduced by the herder through careful herding and awareness of the natural environment, the owners of cattle tend to

334. If in the future inequalities increase and the relationship institutionalizes, this could also lead to ecological problems, when unexperienced herders overgraze or become free-riders. But these are only speculative assumptions.
335. See Ensminger 1992:113f.

provide several incentives, which go far beyond the usual payment. Thus, both sides of the agreement benefit from a conversion of wage employment into a paternalistic relationship based on reciprocity. For the herd owner (principal) it ensures quality of service and reduction of huge losses which are caused by negligence of the herder. The herder (agent) gains advantage given the fact that his family is in need for material support. Often the herd owners become involved in the herders family's tasks. Further, the danger for the employer to loose reputation protects the herder from default by the owner. In this institution 'ideology' provides a frame for the sustenance of the relationship. The support of the owner and his interference with family affairs of the herder create moral incentives for the herder to maintain loyality.

One alternative to the paternalistic relationship which functions also because both sides share the same ideology, would be the employment of supervisors who could reduce agency-costs. In that case, Ensminger follows, the patronage arrangement would create a multitiered labor market[336]. In my opinion, the employment of supervisors also implies costs beyond the economic contract, since the in-between position holds even more opportunities for inloyality and untrustworthiness, namely to both sides of the contract. In absence of state control, the necessary ideological features of the three-party-arrangement would have to serve a great variety of determinants, which I consider too difficult as to reduce agency-costs.

Ensminger considers another alternative, referring to a strong state which provides efficient institutions to reduce transaction costs (laws, infrastucture, technology that facilitates travelling, conveyance of information). Then, she states (1992:ibid), owners could control herders more easily and herewith reduce agency costs. As a consequence, the need for paternalism in herding contracts (which is quite expensive) would be reduced.

This case is interesting for the Mongolian development in so far as herders are used to care for livestock which they do not own privately. The herding of collective animals implied opportunities to gain personal advantage[337]. E.g. if private animals were mixed with collective ones on the same pasture, in case of accidents or animal losses nobody except the herder knew which category of animals was effected. In this situation, the herder had the chance to make up for the private loss by substituting it for a common and perhaps even better quality animal. This became a frequent practice. Consequently, herders are used to, or at least know about, exchange opportunities concerning the herding of livestock which is not owned by them privately (like collective or that of the absentee herd owner). In case the absentee herd owner-phenomenon will increase in

336. Ibid 119ff.
337. This does not necessarily imply: to the detriment of the commons!

which is not owned by them privately (like collective or that of the absentee herd owner). In case the absentee herd owner-phenomenon will increase in Mongolia, the relationship of those who call each other 'friend' now, could turn into a principal-agent relationship. Most likely, the maintenance of such an institution will cause strategies as the supervision and regular payment in a wage contract. In absence of efficient state institutions which support such strategies, an increase in paternalistic relationships may follow. These could favor new social formations in the process of a widening gap between rich and poor.

Lachenmann (1989:156ff.) points to characteristics of the relationship which are close to the current Mongolian development. The 'stock association' in East African livestock holding societies is a system of mutual assistance. In case of need, as e.g. after animal losses, within a primary social network animals will be provided to the household in need, for household consumption as well as for the herds' reproduction. These animals are then either given as presents or borrowed. This institution implies a difference between an agreement on mutual exchange, called 'stock alliance' (in this case the wealthier herder will expect help in case of need) and the borrowing of livestock, 'stock-patronage' or -'clientage' (borrowing livestock). The latter may imply a social differentiation and a negative attitude towards the 'traditional' patronage system, combined with modern privileges. This latter case is assumed and predicted for the Mongolian absentee-herding relationship on the historical background of the old tenant system.

To conclude it can be stated that the institutionalization of absentee herding, as a paid service, will require essential changes in social relations: either in the direction of state-controlled wage contracting and depersonalization or, lacking state institutions and kin-based agreements, the development of paternalistic principal-agent relationships. However, the current development in Mongolia and some East African societies may in the future lead to one or another of these cases, whereas at the moment there is the trend towards a revival of kin and community links for mutual assistance.

10. Marketing in the Soum-center

- Marketing organizations and membership

Most of the informants, who had been trading private animals and animal products already in Negdel times[338], had delivered meat and goat- and sheep wool to the State Procurement Cooperative. Only three persons mentioned private trade transactions with other persons on a monetary basis.

Nevertheless, customary patterns of exchange had persisted during collective times. One such exchange was Idesh, carried out especially between urban and rural family members. Besides its social integrative function it provided both sides with products which were of a special value due to their scarcity. In absence of functioning supply channels after decollectivization, Idesh gained higher importance for urban consumers concerning meat and milk products and for rural consumers concerning other than self produced goods[339]. The official marketing facilities for the inhabitants of B.-Soum did not provide sufficient trade facilities.

Table X lists all potential trade opportunities. They consist of the two nation wide represented organizations ACE (1) and the Consumers Cooperative (2), to which animals, goat-, camel- and sheep wool, fodder, skin and furs were delivered. Further, the government tried to procure live animals through the Darhan meat combinat (3). Besides these state directed opportunities, several modes of trade had established which facilitated the exchange on the local level. Throughout Mongolia private traders (4) supplied rural inhabitants with commodities on a barter trade-basis. Further, exchange with relatives (5), exchange with friends (6), sale to relatives (7), sale to friends (8), trade through the company as a member (9) or non-member (10) serve as analytical categories in table X[340].

338. Concerning trade in the Negdel see chapter four "Case study of B.-Soum".

339. In general, as described in chapter three "Production and marketing", all purchase and delivery were carried out by the State Procurement Cooperative, to which the different Khesegs of the Soum delivered goods according to the yearly plans.

340. Table X is a survey of all informants' answers to the question: "What do you consider advantageous for marketing your products?" The answers are listed in a rank order according to the quantity of trade opportunities named. The informants' (m) and if known their partners' (pm) membership are added in brackets. All others are either private entrepreneurs (p) or herders without membership. All informants were confronted with the a.m. nine categories.

TABLE X Marketing organizations and membership

ID	1	2	3	4	5	6	7	8	9	10
17	-	-	X	X	X	X	X	X	x(m)	-
24	-	X	-	-	X	X	X	X	X	-
26	-	X	-	-	X	X	X	X	- (m)	-
11	-	-	X	-	X	X	-	X	x(p)	-
16	-	-	X	-	X	X	-	-	x(m)	-
19	-	X	X	X	-	-	-	-	x(pm)	-
25	-	X	-	-	X	X	-	X	-	-
20	-	X	-	-	X	X	-	-	-	-
3	-	-	-	-	X	X	-	X	- (m)	-
7	-	-	-	-	X	X	-	-	x(m)	-
14	-	X	X	-	-	-	-	-	x(m)	-
23	-	X	-	-	X	X	-	-	- (pm)	-
1	-	-	-	-	X	-	-	X	- (m)	-
2	-	X	-	-	-	-	-	-	x(m)	-
4	-	-	X	-	-	-	-	-	x(p)	-
8	-	-	X	-	-	-	-	-	x(m)	-
9	-	-	X	-	-	-	-	-	x(m)	-
10	-	-	X	-	-	-	-	-	x(m)	-
13	-	-	X	-	-	-	-	-	x(m)	-
18	-	x(m)	-	-	-	-	-	X	-	-
21	-	-	-	-	-	-	X	X	- (p)	-
28	-	-	-	-	X	X	-	-	- (m)	-
30	-	-	-	-	X	X	-	-	-	-
6	-	-	-	-	-	-	-	-	x(m)	-
12	-	-	-	-	-	-	-	-	x(m)	-
15	-	-	-	-	-	-	-	-	- (p)	x
22	-	-	X	-	-	-	-	-	- (m)	-
31	-	-	-	-	-	-	-	-	X	-
5	-	-	-	-	-	-	-	-	- (m)	-
27	-	-	-	-	-	-	-	-	- (m)	-
29	-	-	-	-	-	-	-	-	-	-

Source: own data collection

Three respondents did not consider to trade at all. Nine mentioned the Consumer Cooperative without being its member. Only 12 of 19 members of the Newlife company considered that trading within the cooperative was advantageous. 11 mentioned the Darhan meat combinat. All others preferred informal trade with friends or relatives on a barter or sale basis. In the following, I provide a more detailed interpretation of Table X.

Concerning the trading organizations, nobody had mentioned the ACE. The main reason might be the fact that there was no ACE-representative in B.-Soum. The next branch was in Moron in the Aimags capital, about 120 km far from the Soum-center of Bayan-Uul. Nevertheless, in July 1993, for the first time people started to consider to personally deliver livestock to Moron in order to trade through the ACE. This happened when they became aware of the strategy of the Darhan meat combinat, which offered one of the rare sale opportunities to the Bayan-Uul inhabitants:

> For the first time after the changes, the government had tried to procure livestock from B.-Soum which should be brought migrating to the city of Darhan (900 km), to one of the three state slaughter houses which were still operating in Mongolia. After the "Newlife" company had taken over the responsibility for the operation, the combinat's agents had come to B.-Soum in June 1993 to announce the state offer of TG 65 per kilo of live animal. Although most people complained about the price as being too low, many were willing to sell and delivered their animals to the center. The animals' departure was announced for the beginning of September. Until the end of July the company (9) had collected all the livestock people were willing to sell. Until then, according to several informants, some people had borrowed money to buy some essential commodities for winter in Moron (like fuel, boots or Deel material). But the expected payment did not come. At the end of July rumours spread that there would be no monetary payment. The government would offer some goods like sugar, rice, candles or material later instead. Most people I talked to felt fooled by the government and said they would not trust in this kind of transactions any more[341].

Cooper/Narangerel (1993:23) summarize the problems of herders to market their products. They hint to the important fact that "The ability and willingness of herders to market products and accept the prices offered differs according to the wealth status of the household. The increasing costs of staples such as flour and rice, means that poorer herders are using surplus products for household consumption rather than for sale; they are not in a position to market products. Richer herders meanwhile, are unwilling to sell products at what they consider to be unacceptedly low rates."

341. At this point it is interesting to take into account the value of the livestock people considered to sell. An estimated weight of a yak would be around 250 kg, so it would be worth TG 16,250. The highest monthly salary in July 1993 for a state employee amounted to 5,700 TG (about 15 US dollars). Thus, the money value for one yak seems to be a considerable sum. Nevertheless, the price of 65 TG was looked upon as low. This is a clear hint to the importance of livestock versus money as a basis for existence in the present situation.

Of my sample, there were three respondents who did not sell animals or livestock products. They needed to use and consume all animal products themselves and were dependend on their herd as a guarantee for the future. While nine informants considered trade through the Consumers Cooperative[342] advantageous, only one of them, the head of the cooperative, had invested his vouchers into the cooperative and had become a shareholder. Interestingly, four of the nine informants were members of the competing organization, the company. Further, asked for their real trade transactions in the first year after privatization, only one informant mentioned that he had given one cow to the Consumers' Cooperative. This indicates that people still associated its former powerful monopoly status with it. In Negdel times, all trade activities between the state and the local settings, concerning delivery and procurement, had gone through the cooperative's channels. Nevertheless, now it did not seem to offer real opportunities.

Concerning the "Newlife"-company, seven of its 19 members did not consider it to be an advantageous trading opportunity. Anyway, soon the overall trend of leaving formal organization will also occur in B.-Soum, as some informants assumed. Due to the recent foundation of the company and its still remaining service supply people were still keeping their membership, but examples from other areas indicate that dissatisfaction with the performance of the companies will rise quickly after the first enthusiasm has gone. Herders soon realized that the services they had expected were not sufficient and too expensive. Further, the products they delivered to the company were not adequately paid for. This caused a general accusation of the company for the overall crisis, especially when the value of the money earned was dwindling away each day[343].

Consequently, concerning the most valuable asset livestock, it turned out that during the first half of 1993 the number of animals the informants really sold to the official channels, was low. Ten persons had not been engaged in any trade transactions since the official disbanding of the Negdel. Eleven responded to the offer of the Darhan meat combinat with a total sum of only 16 cattle. 14 of the 31 informants declared the few remaining animal-exchange transactions, namely 62 animals, as presents or exchange with/sale to friends or relatives, as Table XI illustrates.

342. Information about the cooperative see chapter six "Entrepreneurs in B.-Soum".
343. See Potkanski/Szynkiewicz 1993:58.

TABLE XI Informal trade transactions

	company / cooperative	barter with friend	barter with relative	sale to friend	sale to relative	present
horse	-	2	1	8	-	-
cattle	2	2	9	4	1	-
sheep	1	3	8	4	1	9
goat	-	1	-	4	-	2
sum	**3**	**8**	**18**	**20**	**2**	**11**

Source: own data collection

Although, due to the low number of informations, there are no general conclusions to be drawn from this table, it shows that barter trade with friends was carried out less than half as much than barter trade with relatives, while sale to friends was carried out ten times more often than to relatives. This could be interpreted as a much closer and informal connection to the own kin group. On the other hand, this trend was not clearly underlined concerning absentee herd owners, since the only two families in the sample who pretended to pay a monthly cash to the herding family were related to the latter. All others were paid off in commodities once a year.

In spite of these few and low numbers of livestock-trading activities, there were a few informants who could increase the quantity of their herds through trade transactions such as animal-barter. Especially two informants of the group engaged in such an exchange with remarkable results. Their transactions made up for 31 of the above listed 62 animals which were traded or given as presents[344].

Conclusion

The above discussion illustrates the deplorable marketing and trade opportunities caused by the total breakdown of the national market. It becomes obvious that the nationwide liberalization of the socialist economic structure

344. Mergen (ID 17) traded 14 bod-animals, namly six cattle and eight horses, most of them in exchange with friends. During two years of liberalization of the livestock economy he increased, through breeding skills and such activities as sale, purchase and barter, his herd from 218 (of which 75 SU were received through privatization) up to 376 SU. Loosha (ID 24) exchanged 17 animals (of which eight were bod), 13 of them through barter with friends and relatives. This person was able to increase his private herd after privatization, namly from 235 after privatization to 357 sheep-unit. He commented on his success in pointing to his skills as a herder and his ability and flexibility to respond to special offers, concerning the quality of livestock.

and the introduction of free market relations did not necessarily cause greater marketing activity and private sector development. Especially striking seems to be the notion that after the rapid privatization the possession of private animals caused people in the countryside to act against the government's intentions. People tended to hold back their animals from sale, since the offered prices were considered too low. The reason behind this is that animals served for future risk management and as a life-insurance. Increasing barter trade indicates that there was a clear trend away from the national market to a concentration on the local group. Although people living at the Soum-center were generally more engaged in trade and sale than those visited in the countryside, the recent experiences with government performance caused disappointment and an even greater loss in confidence in the government's ability to improve the situation. Therefore, barter trade increased. These transactions were mostly carried out with relatives while the sale of animals for cash - which anyway occurs rarely - concerned more often friends than relatives. This underlines the general trend of a revitalization of kinship bonds for the management and organization of the economic changes.

11. Entrepreneurs in B.-Soum

Entrepreneurial efforts in B.-Soum have existed already before the disbanding of the Negdel. Some of the inhabitants used opportunities to improve their wealth, their private material equipment and livestock amount in Negdel times. The former system offered several opportunities to carry out transactions beyond the official level. In general, as outlined above, entrepreneurial characters in collective times consisted of people in influential positions. Besides, there have been and still are a few people who increased their herds secretly or traded with self produced goods, who did not belong to the group of the relatively privileged.

A description of businesses founded after the economic liberalization shall give an insight into the conditions, perspectives and efforts of those who took the risk of starting something new. The actors' former profession and school education will be mentioned to understand the impact of personal experience on the current development. The six people who called themselves private entrepreneurs in the interview should enlighten the perspectives for entrepreneurship among the informants.

> Enebish (ID 1) who had been a construction worker in Negdel for eight years, said he needs to be in the center in winter, when his wife works in the kindergarten and he is busy as a carpenter there on a private basis. His father was a carpenter so he acquired skills from him. It turned out that

due to shortage of material in the last winter he had only been able to produce one wooden saddle. This saddle was not sold but given to those relatives who cared for his animals in the countryside while he was in the center.

Dorj (ID 4) was married to Dagimaa since 1987. Dagimaa had been employed as a tailor in Negdel until it disbanded. Now she carried out her old profession in winter in the Soum-center. In summer I could observe both, Dorj and Dagimaa, sewing white Gers' coverings on the open meadow. The profits from this business were low, they rarely earned money with it, because people tended to give commodities in exchange. Dorj who had lost his job as a driver in Negdel. did not find any new occupation. Thus, Dagimaas efforts were crucial for the family's well-being.

Luvsan (ID 6) and his wife Namdshil have both been state employees, namely a veterinarian and a tailor. Luvsan stressed that although he lost his job, he did not want to be perceived as unemployed, because he was busy producing wooden poles for Gers' roofs. His wife kept on working as a tailor, first in a cooperative and then on a private basis. I observed Luvsans wife producing Deels before Naadam. She needed at least 12 hours for one Peel and received on average TG 400 (1 US dollar) for each. Most of her customers, who usually provide the material needed, were not able to pay in cash but gave some commodities or said they will pay later. Besides, Namdshil had to run the household economy including care for her children.

Beglii (IP 16) and her husband had been a herder and a bookkeeper. He could keep his job, Beglii became unemployed. While in summer she was occupied with care for her livestock and a big family, in winter she additionally sewed for other people. She called herself a private entrepreneur but when asked, she admitted that she only hoped to be able to earn some extra money with sewing in the future. She had owned the sewing machine only for two years.

Ligden (IP 21) had been B.-Soum's only official photographer, employed by the state. Although he still called himself a private entrepreneur as a photographer, he was the only one who did not even have the means to carry out his job. His camera served his son as a toy and there was no way of getting it repaired or receiving the other materials needed for developing pictures. Similar to Luvsan, Ligden was not content with the changes he faced and felt sorry for being a herder instead of working in his skilled job. This might be the reason why he pretended to still work as a photographer.

Three of these examples for entrepreneurship are not more than the wish of the respondents to carry on with the former occupation. Concerning the informants of my sample, it can be concluded that in general their initiatives did not prove to be very success enhancing concerning the economic outcome of their business. Those who lost their relatively high positions in collective times tried to get along with informal services, which they were partly not even skilled for. In these cases, former high positions had no positive influence on the present performance. However, in the view of the respondents, their efforts serve as an alternative to the status 'unemployed'.

Those enterprises in B.-Soum, which needed official registering (according to the MPR law on economic entities) seemed to be more lucrative than the latter private informal initiatives. While in most cases they were established by people, who had no or little experience in organizing and leading a business, the leader of the biggest and most success enhancing entity, the "Consumer Cooperative", was highly qualified and experienced due to his position in the former State Procurement Cooperative[345].

> The cooperative was founded in November 1991 on the basis of the vouchers for the small privatization. According to the informations of the head of the cooperative, Tseren[346], the cooperative had 45 members of whom 31 received a monthly salary according to the profit made in each month. One grocers shop and one shop offering other commodities belonged to the Consumer Cooperative. In the foodstore, goods which were still rationed and therefore delivered through governmental channels could be found. They still made up for 30 % of the supply offered in the shop[347].
>
> Now that there were no more state demands for the procurement of commodities, inquiries were only made for rural products in order to support and supply the urban population. The cooperative had to compete with the "Newlife" company (successor of collective), which sometimes offered prices for livestock and livestock products, barely higher than the prices offered by the cooperative.
>
> According to Tseren, in 1992 the cooperative could already make a profit of 300,000 TG which was distributed at the beginning of 1993 to its members according to the quantity of their shares.

345. Interview July 28th 1993, Huvsgul administration
The former 19 Negdels of B.-Soum were transformed into 38 companies and 54 cooperatives. The companies were in general successors of the former collectives. The cooperatives are either those which took over the function of the former "State Procurement Cooperatives" for urban-rural and vice versa procurement and supply, or newly founded, spontaneous cooperatives (Horshoo), in which membership was achieved through shares of vouchers in the small privatization.

346. Personal communication July, 23th, 1993.

347. In summer 1993, these commodities were no longer available in B.-Soum.

Tseren had gained experience in how to lead a company during his occupation in the State Procurement Cooperative in another Soum of Huvsgul Aimag. In absence of the yearly procurement plans of the state planning office he now received information about world market prices and free market economy from different newspapers, which usually reached the Soum delayed[348]. Due to the lack of help and education in free market relations (except for the knowledge he had gained in a related course in Ulaan Baatar in 1991) he discussed innovations with inhabitants of other Soums. He was one of the persons who could save his former influential status in spite of the changes.

Other newly founded entities were also consisting of members who got shares according to the value of their vouchers. In contrast to the Consumers Cooperative, Horshoo were spontanous voluntary collective actions aiming at facilitating marketing organization.

One of them has been founded in November 1992 in the second Bag of B.-Soum. It consisted of 40-60 members and was supposed to organize trade channels from the countryside of B.-Soum to the Aimags capital Moron and to Ulaan Baatar. But only a few months after its foundation the initiative had to be stopped due to lack of fuel and transport means and also because nobody knew the rules of the market, as a former member told me. The other cooperative with the same organizational structure was founded in the Soum-center in late 1991, consisting of 11 members, two hairdressers, six tailors, two shoemakers and the leader. In 1992 little surplus was gained which could not be distributed to the members due to the debt that had to be paid back. In addition, the members had difficulties in procuring new material, so that the cooperative was about to dissolve.

An example for another collective action is recorded from Arkhangai Aimag, where in a remote valley one group of herders organized themselves to produce and market yak butter during summer 1992. Like in similar cases in B.-Soum. the spontaneous and voluntary initiative suffered from uncertainties around leadership and responsibility. The group tended to rely on one person's leadership style of the former collective, following learnt rules. What caused the initiative to fail was the lacking functioning infrastructure, which should back a 'vertically integrated production-processing-marketing chain' needed to provide the means by which commands could be translated into action (Mearns 1993:68).

348. "Zasgiin gazriin medee" (Government's organ), "Ardiin erh" (People's law) and "Aimgiin erh chuluu" (Aimags right for freedom).

The few trials to organize in cooperatives (Horshoo) in B.-Soum had already dissolved in summer 1993. They were all motivated by the conviction that herders cannot operate independently in the risky individual production environment. This trend is observable all over the country. Shortly after privatization, many Horshoo were founded but, as well as the companies, they were left by their members because especially the cooperatives did not offer the expected securities and advantages.

More success enhancing seem to be the new entities which were led by only one proprietor. In B.-Soum-center, three such businesses were opened. They needed to be registered formally as new production entities at the governor's taxation office at the Aimag's capital Moron. The proprietor had to pay TG 500 and in addition present an outline of the work plan, including finances, and a name for the new enterprise[349]. For an investigation of the background of the characters who were engaging in such enterprises, their education was subject of the interview too.

> One of the three enterprises with the name "rise, development" (Ornoh), was founded by Gambat in March 1991[350]. According to him, he had borrowed 12,000 TG and some 100,000 more in January 1992. At the time of research, he had just been able to pay back all debts. He opened an account at the Bank in B.-Soum (state bank) and was able to pay his six employees a monthly salary between 5,000 and 10,000 TG, relative to their work leisure of the month. This fairly high sum was confirmed by one of his female employees. According to orders of customers, his employees produced Mongolian hats, three different models of boots, wooden barrels for the destination of milk and water and Gers' coverings. Gambat's business consisted of a stone house in the center with two rooms, a sewing machine, a Russian milling-machine, carpenter's and shoemaker's tools, the latter partly borrowed. He employed two carpenters, two tailors, a shoemaker and one unskilled worker. All of them were insured for pension by the state and were guaranteed a monthly salary. The material needed for production was provided personally by Gambat, procured from the Aimag's capital, to assure the needed supply.
>
> He said he had founded his business according to the new law on economic entities without knowing its contents in detail. He had problems with finance and bookkeeping tasks and no chance to get information about it. The only chance for him to receive some advice was to discuss the issues with other people in the Aimag who were trying a new business as well.

349. An export licence was only available through application at the Ministry of Trade and Industry.
350. Interview with Gambat July 19th, 1993.

Concerning his background, he had been employed as a construction engineer and for two years as the deputy leader of the Soum in Negdel times. He went to school for ten years and had been trained afterwards as a technician in Ulaan Baatar for four years.

Ganbileg and Dseman were the only couple among the informants who started an officially registered business, namely the only guest house of B.-Soum, which belonged to the "Newlife" company. Ganbileg had worked in Negdel times in the post office as a white collar state employee, while Dseman had been a state employee belonging to the 'worker'-category. Both lost their jobs when the Negdel disbanded and invested their coupons mainly in the new project. They had only received ten cattle and 22 sheep, the latter were already slaughtered and consumed in the restaurant. His brother looked after the cattle in the countryside. The financial situation and material basis of the family looked quite miserable.

In spite of this, Ganbileg had taken the guest house on lease and renovated it together with Dseman (who was a skilled cook), two of his brothers and his three children. The hotel had been closed down for the last two years and much work had to be done to rebuild it. It consisted of six rooms with 20 beds and a kitchen in which Dseman produced Hoorshoo daily for the little restaurant belonging to the hotel. Since he had just taken it over in June 1993 he did not know the monthly lease price he had to pay to the company. Currently he was paying back the little credit he had received from the company.

He planned to send his eldest daughter (23 years old) to Ulaan Baatar to let her join an English language course. With her skills, he aimed to establish a tourist agency in B.-Soum. He was fairly optimistic and confident about the opportunities offered by the new system. He had only some problems with the bookkeeping and no experience or education in leading a company. Like Gambat, he had gone to school for 10 years and had afterwards studied physics in Ulaan Baatar for five years. In 1992, these skills motivated him to additionally buy a huge telephone switchboard from the former USSR, in order to facilitate private phonecalls from B.-Soum to Ulaan Baatar[351]. Until July 1993, he had no insurance at all but planned to take out assurance policies soon.

The third successful new economic entity in B.-Soum was a Gers' furnitures manufacture, owned by Juluun[352], and his son Basanhuu. Two other sons were employed. They had founded the manufacture in April 1992 naming it "mineral spring" (Sodmondarjaa). They had taken a credit

351. Personal communication July 15th, 1993
352. Interview July 20th, 1993

from the company of more than 120,000 TG, which they were able to pay back in July 1993. All members of the family business were members of the Newlife-company. At the time of research, they did not get any salary since they just expected the first profit that month.
Juluun had been a Negdel herder for 35 years, other than the two other owners of firms he did not receive higher education. Shortly before the Negdel disbanded he had become a carpenter, tought by his eldest son, who had been trained as a carpenter in Ulaan Baatar. He, Basanhuu, caused the initiative after he had been inspired by the rise of private businesses in Ulaan Baatar.
Like the others they concentrated on the need of the immediate environment. As recorded by some inhabitants of B.-Soum, they had the reputation of producing the best Gers' furniture.

Conclusion

Entrepreneurial initiative, as observed in the Soum-center. was underlying several severe constraints. One main problem was the broken down infrastructure which reduces trade to the immediate social environment. Ensminger states that if the government establishes the needed institutional framework, transactions beyond the "face-to-face sphere" (1992:25) would become possible. The 'rolling back of the state' in Mongolia after the changes, the absence of government and an effective legal system, creates restricted networks of cooperation with face to face-relations within the immediate social group. Thus, limited networks minimize gains from trade, because small traders have difficulties to be competitive. In consequence, due to a weak institutional structure, transaction costs are high and lead in many cases to a fast dismantling of the business.

Some examples, however, prove that relative success was possible even within the local group. The owners of the last mentioned three enterprises found ways of individual access to and purchase of material and were able to make some profit, although they only responded to the needs of the local group. Based on observations in B.-Soum it can be stated that there is a connection between the education, the former status background and the present performance of the people. The few who took the risk of lending money and investing into privately owned businesses, belonged to the small group of B.-Soum inhabitants with higher ecucation which they had partly received in Ulaan Baatar.

Nevertheless, there were some entrepreneurial initiatives, undertaken in collective times and after the changes, carried out by individuals who did not belong to the group of educated, white collar employees. However, this concerns more the number of personal livestock holdings and breeding and

trading abilities than the foundation of new enterprises. As shown here, few opportunities to make profit by producing homemade commodities existed.

Similar to nearly all other legal innovations, the quickly established legal framework for the foundation of economic entities did not fit the real situation. Lacking marketing facilities like transport means, a high inflation rate, insufficient material procurement hindered the development of a successful private sector. Access to information about market development, pricing and changes became one of the most difficult tasks[353]. In addition, there were no education or training programs provided which could have made up for lacking knowledge and experience and enable people to develop entrepreneurship. It has to be taken into account, that the former system did in no way favor such initiatives.

Concerning a shift of power to the immediate producers (Nee 1989), it can be observed to the extent that people held the right and the means to produce and use their animals and animal products. Decision-making concerning sale, reserve or trade of their products and labor shifted exclusively to the responsibility of the individuum. Nevertheless, the present conditions severely limited the range of decisions. As Nee notes (1989:674) "Rather than earning workpoints on a steady, predictable basis, peasants in a marketlike economy are transformed into petty entrepreneurs whose relative success is based upon the ability to make short- and longterm investment decisions based upon informed cost-benefit calculations."

When stressing education as an important task concerning the ability of the individuum to respond to investment incentives, it has to be added that such incentives in the present situation are rare and market performance is highly risky (as the example of the meat-combinat's procurement shows).

12. Rural insurance systems

A further factor contributing to the momentaneous state of chaos is the loss of state or collective insurance systems. Impoverishment, caused by livestock losses after natural calamities, had been a permanent threat, but there had always existed functioning state or informal help for people in need. Now, as a consequence of a weakened and dissolving administration, for the first time there was almost no administrative unit responsible or capable of providing help

353. While the use of media as radio, newspapers and magazines had been common to all households in collective times, these were not provided any more. In the countryside as well as in the Soum-center, batteries became unavailable. Vehicles which used to provide the town with newspapers were usually delayed or did not arrive at all.

in case of need. This caused an increased mutual dependence on the members of the local group.

- Insurance system in Negdel

In the Negdel period, the administration provided help in emergencies as natural calamities, fire or serious sickness. Medical services were provided by the Soum-administration, while a state insurance system made up for both private and collective animal losses[354].

Material losses as e.g. a burnt Ger were replaced by social funds. Whenever their capacities were exhausted, the Brigads collected the needed goods among their members. While Negdel members were compensated for losses by the Negdel administration, the Soum's social fund was responsible for the state employees. According to research findings of Potkanski/Szynkiewicz, no case of kin involved in the provision of emergency assistance was recorded in times of Negdel administration (1993:68).

The Negdel provided each year a sufficient amount of fodder to the winter shelters, for both private and collective animals. Herders were assisted with vans and tractors on their seasonal moves. The veterinary services, social services and health insurance provided in Negdel times are considered the best developed in all pastoral communities existing, especially since nearly all services were free of charge[355]. Moreover, the collective herd in the hands of herders was a kind of an easily accessible insurance. Collective animals of higher quality could be declared private ones in absence of a competent authoritarian control mechanism. In need of a certain kind or quality of animal a collective one could be used and later be replaced. Such cases happened frequently although collective animals were specially marked (see also chapter six "Absentee herd owners"). This entire system could function only under state subsidized stable and costly production and served as an additional safety net. Consequently, entrepreneurial initiative was undermined and a sense of responsibility for or dependency on mutual assistance within the social community declined. With regard to these losses, inofficial individual and communal risk avoiding measures are of enormous importance as long as a substitute for the former insurance system is not established.

Although an interview with a white collar state employee[356] in B.-Soum made obvious that the Soum inhabitants could choose among eight different

354. See Potkanski/Szynkiewicz 1993:68f.
355. Ibid 1993:56
356. Interview with Algahuu, state employee, administration, July 10th, 1993

insurances, none of them seem to offer sufficient security to decrease the risk potential of the individual. Most of the existing insurances, which existed already under socialist rule, remained in state control, such as

- the voluntary life insurance, counting 800 members. The highest possible disbursement is 20,000 TG (50 US dollars).
- the voluntary property insurance with formerly 600, now 700-800 members who pay a yearly contribution of 150-200 TG. Property concerns the Gers, wooden houses, TVs or radios.
- the compulsory state insurance for vehicles like cars, motorcycles or tractors. Until 1990 about 100 inhabitants owned a motorcycle. They paid a yearly suscription of about 30-40 TG. Now, after the privatization of collective assets, 300 inhabitants in B.-Soum paid a yearly contribution of at least 500 TG for their privately owned vehicle. According to the state privatization commission's guidelines, all tractors and vans should remain under the companies' control to provide centralized services. Nevertheless, early in the privatization process, some vehicles were privatized through the joint investment of shares of several inhabitants.
- the 1980 founded, voluntary state "wedding-insurance", which counted 20-30 members in the Negdel, since 1991 about 50-70, who pay a yearly premium of at least 212 TG and get the sum when they reach majority.
- the former state economic loss-insurance which had been compulsory in Negdel and made up especially for the loss of animals in the winter Dsuud. In 1990 it became, as mentioned above, voluntary and did no longer serve its main purpose: insurance of animals threatened by natural calamities.

- New insurances

- In summer 1993, the state pension-insurance which had been in force in the Negdel was just about to dissolve, due to the changes in collective organization. As stated by the statistician of the administration, it functioned on a voluntary basis in Negdel and would now, under new guidelines, turn into a compulsory insurance.
- the inability-to-work insurance has been founded in 1992. Members subscribe on a voluntary basis with a yearly premium of 200-350 TG. In June 1993 the insurance counted only 20 members in B.-Soum. The main reason has to be seen in the fact that most people became unemployed and ran a private household economy. In the case of illness other family members made up for the lacking workforce.
- one of the most important insurances, the health insurance, had just been developed in the summer of 1993. In Negdel times medical treatment, even in hospital, had been free for all inhabitants. Now, under the new law, the rate of insurance will depend on the member's income.

According to the new law, which became effective on January 1st, 1994, at least 50 % of the health insurance of workers and employees will be paid by the employing organization, whereas the government will cover the fee for all members of society who are not employed by a state or private organization.

As a result of the desolate situation of the insurance system in the transition process, 20 of the respondents were not insured at all, while the others had taken out life-, motorcycle or property insurances. Concerning formal mutual support mechanisms at work in the present situation, 'institutional reciprocity' as part of the safety net is recorded in an Arhangai-Soum[357]. Being a remainder of the socialist idea of 'a cooperative society', each former Brigade (now Bag) was and still is linked to institutions in the Soum-center and vice versa, their members being committed to mutual assistance in case of need. If this institution will survive, it remains, besides the vanishing service-capabilities of the Soum-administration, the only formally organized insurance based on mutual responsibility.

In conclusion, once again it can be noted that the personal property of rural people - together with a revival of patterns of mutual assistance - serves as the only functioning risk minimizing insurance for the management of the future challenges.

13. Knowlegde of grazing fees, land law

As mentioned in chapter two "The legal framework", in 1993 the government had planned to collect fees for pasture usage from the individual herder. At the time of research plans, preparations and strategies to implement the fees had been developed for more than 2.5 years after system liberalization. Considering the impact of these measurement on herders' lives, it is notable that the majority of people on the local level did not have any information about the plans.

Asked what they knew about the new land law or the grazing fees, most of the informants had never heard anything about it, some mixed the grazing fee with the new animal-head fee. The latter had been collected for the first time in the beginning of 1993 (at a rate of TG 50 per head of animal). The herders shared the opinion that one kind of fee was enough burden on them. After I had explained what I knew about the new tax, some respondents answered with the Mongolian saying:

"A Mongolian law is in force for three days only".

357. See Potkanski/Szynkiewicz 1993:5.

This indicates that they will not accept any innovation like this. In general, the informants shared the opinion, that pasture in Mongolia had always been free and that it will not be possible to collect taxes for pasture usage. Such an innovation would run counter to Mongolian herders' customs. It became obvious that the idea of a land tax is not inherent in Mongolian herders' conceptions of resource use[358].

Two of the three persons who had at least heard something about the grazing fee agreed with the idea since it would fit the new market economy and further, it would prevent claims for land which otherwise would increase (asked for details about observed claims, they did not elaborate).

Conclusion

The introduction of grazing fees would represent an ideological shift for herders who had been used to indirect taxation in the collective, rather than to an individual fee. The forced introduction of a land tax, which aims to encourage production, could have the counter-effect of an impoverishment of herders who do not manage to market their products, find transport means or just to increase their number of livestock due to lack of experience.

The government faces pressure from the society, which is used to comprehensive provisions and investment in pastoral collectives. On the other hand, the deep budgetary crisis demands for a rapid growth in the pastoral sector. In addition to the declining life quality a new tax, however necessary and meaningful in a market oriented economy, could signify a shocking effect on herders. According to Potkanski/Szynkiewicz (1993:85), this could even result in opposition to the new system which might be channeled by conservative political parties against the reforms.

Further, concerning the management of pasture usage, emergency access to the pasture of other administrative units (Soum, Bag) would probably be linked to cash payment, the amount of which will be extremely difficult to identify by herders and many could not pay anyway. The evaluation of the soil quality as a basis for the amount of fees was a difficult and time consuming task, undertaken by a specialized government team. In case herders' emic perceptions of pasture usage conflict with government plans, free-rider behavior could increase and, as a consequence, cause conflict and tension among herders.

358. Concerning pastoralists' conception of space see chapter two "The land law discussion and grazing fees".

14. Respondents' valuations and future perspectives

Concerning the respondents' own valuations of the present situation, they were asked: "In your opinion, what did improve / become worse after the changes?"

While only seven persons reacted strictly negative to their new living-conditions, 20 immediately showed a positive reaction. They favored the advantage of being free, independent, private herd owners with the individual choice how to allocate the gains from private production. Furthermore, they preferred to be consumers of self produced goods without any constraint like the obligation to deliver goods to the collective. But the majority of the informants added negative associations with the changes soon after a first optimistic reaction.

They described the problems and fears they face, like the desolate marketing conditions, the scarcity of any commodities other than self produced ones, the vanishing of authorities such as a functioning administration, a chaotic situation without an efficient insurance system, huge animal losses in winter, insecure future perspectives, unemployment, inflation and the vanishing of money as an exchange means. Some young men mentioned the burden of herding animals as the only basis for existence.

Three of the respondents who had an exclusively negative valuation of the situation, were pensioners:

> Ojanga (ID 22), pointed at the extremely difficult situation of women who have taken over the responsibility for their families' well-being. She said their life was in danger if women failed to produce sufficient food for the family. She felt her power diminishing, after having brought up nine children and with a heavily disabled husband to care for. The former system provided a more convenient lifestyle for her, who became rewarded several times and had been provided with social services. Thus, with the term "freedom" she mainly associated the loss of institutional integration, which had protected her from misfortune (she and her husband had been active party members and were an influential and well-known family).
>
> Another pensioner, the 70 year old former collective leader Ochirbat, described the danger of the situation as a vacuum caused by the loss of the former system and ideology. He was aware of increasing alcohol consumption combined with violence and disasters for the affected families. He stressed his fears of a 'big emptiness' which arises in society because of unemployment, the closing down of industrial assets and an insecure future without perspectives for young people. What might have

contributed to his recognition of the circumstances was his unlimited appreciation for the former system.

Further, a single pensioner woman (ID 31) was heavily affected by the changes. Her son of age 31 had lost his job as a driver in the collective and spent her pension, the family's only income, for alcohol consumption. Her 25 year old daughter did not find an employment after having finished her education. She was staying with the family since her mother needed her help in livestock-production. They stayed near the Soum-center because she, Damgan, wanted to remain near the hospital. She felt weak and suffered from rheumatism. She said the changes offered no positive aspects for her and her children's future. One reason is the fact that she had never worked as a herder before and took a huge risk running a livestock economy as the only source of food production.

In addition to this, others expressed their fear of new state policies concerning herders' lives which they could not foresee. Especially young herders feared that further changes will hit them in a situation when they were just trying to adjust to the new conditions. They could not imagine any improvement, especially for the marketing situation.

One young herder who had lost his job as the Soum's photographer complained about an especially interesting aspect of the new social situation. It clearly illustrates my argument that the introduction of free market relations in the countryside has brought about an equal challenge for anybody, namely the struggle to deal with a vanishing commodities' supply. No matter what position people held in the former system, now they were all forced to produce their food through subsistence livestock economy. Therefore Ligden's comment turns upside down some common associations with socialist systems, concerning social equality:

"Now everybody is just in the same position. Before the changes, you knew who you were: master or servant. Now, we are all forced to be herders, everybody is in the same situation. We all share the same problems, the same insecure future. I do no not like this job but there is no other way of living now!"

A positive aspect recorded by Potkanski/Szynkiewicz (1993:61) was the opinion of herders that people take much better care of the privately owned animals than of collective livestock. Most respondents in B.-Soum reacted similarly. In general, full control over property was appreciated and the possession of private livestock was perceived as important. In spite of this, only some entrepreneurial individuals were optimistic concerning their role in a market-oriented economy. The majority of respondents seemed to be indifferent

about the course of developments, regretting the lost privileges and the lack of the protecting and supervising organization. In Tariat Soum of Arkhangai Aimag, the overwhelming majority even preferred the Negdel organization to the individual pastoral economy or voluntary cooperative organization. Similar to B.-Soum, the new company was not valued positively. The high number of members in B.-Soum results only from the recent disbanding of the Negdel. The company in T.-Soum, which already for two and a half years had taken over the administrative functions of the former Negdel, was perceived as having a weak structure and as unable to fulfill its obligations. It was even held responsible for the current economic crisis. Nevertheless, when the company's dissolution was proposed, many herders voted to keep it because of their fear that private herding cannot survive in such a risky environment.

Undoubtedly, people's own valuations of the former and present life situation varies and shows some ambivalences. Most interesting to me is the estimation of experienced, elderly people who might have shared a more comprehensive view of the future perspectives. Otherwise, their opinions were partly influenced by their loss of a former position and therefore had a more negative connotation.

15. Conclusions

Concluding the preceeding chapters it becomes evident that some aspects of "property rights" and "transition" theory are valid for the process I investigated. The informants with a high level of education held cadre positions or had been state white collar employees in the former collective organization. Due to this, they could influence decision-making for the mode of privatization within the Negdel. Furthermore, most of them maintained their positions after the changes. To some extent, they constitute the group of new entrepreneurs who founded businesses which are formally registered and even prosperous. After privatization, they became "absentee herd owners" who let others herd their animals while they were busy at the Soum-center. The number of jobless people is low among the previous high income class and highest among middle and low income classes. The number of livestock is high among those who had gained advantages through their position in the Negdel and among some entrepre-neurial characters among the herders.

These aspects, however, are only one part of the previous analysis. They are the result of the standardized interviews which in spite of the rather small sample allowed a quantitative evaluation. Even more crucial for a conclusion on the effects of the changes are the aspects which became obvious during participant observations in the Soum-center in the course of six weeks of research work.

They qualify and enlighten the significance of the interview-data. They concern the individual and the respondents' own valuation of the circumstances. E.g. the maintenance of influential positions was advantageous only to a limited extent. In a situation of scarcity and vanishing structures each individual had been exposed to the management of a self-sufficient lifestyle, based on food production in a subsistence economy, no matter which position the person had achieved previously. Many individuals had been directly linked to the state due to their administration employment and/or party membership. After the changes state intervention in the rural areas was vanishing to the extent that salaries, pensions and welfare provisions were no longer paid to those who remained in their former position. This caused the concentration on customary forms of integration. They went in line with the national resurgence and were perceived by the informants as a unique cultural heritage which allows a lifestyle independent from state intervention. This perception has more than one implication. It reflects the informants' self-conscious handling of the given reality. On the other hand it bears dangers. In case employees decided to quit their skilled jobs which they had carried out at the center for many years, this implies heavy consequences for the future, concerning the individual's choice to manipulate the own biography. This is especially true for women who became increasingly forced to concentrate on their reproductive tasks within the household, after a long period in which they had access to jobs relatively equal with men. Their children, involved into household production, tended to leave school. The detailed description of the daily work amount within a Ger-household at the Soum-center enlightens the level of involvement into subsistence economy in absence of alternatives.

The self-perception of being capable to run an independent livestock economy in the countryside instead of being employed to unfavorable conditions in the center facilitates such a definite step, which is marked by heavy costs for the individual. Other factors fostering decisions like this were the broken down infrastructure of marketing channels (commercial activities concerned the face to face sphere on a primary barter trade basis) and restrictions to alternative forms of economic activity in this especially harsh natural environment.

The limits of customary neighborhood's risk management exposed some individuals to a high level of dependence on others. In a long-term perspective, vanishing services may cause crucial shortages which threaten the health and security of individuals - given the fact that new insurances are not capable to cover the risk and take the responsibility for risk management away from the individual herder. Within this context, newly arising phenomena such as 'absentee herd owners' are less a clearly defineable indication of a future social stratification in the course of changing property rights. They are rather a spontaneous reaction to diverging challenges in a difficult stage of transition, in

which mutual assistance is based on experiences of the former collective or even pre-collective times.

Chapter Seven

CONCLUDING REMARKS

Within the framework of the Bielefeld graduate school "Market, State and Ethnicity" I investigated the implementation of reform measures in the Mongolian transformation process and their effect on a local group of herders. The first chapters of this thesis deal with the "Market" and the "State", since the Mongolian reform program was oriented towards the achievement of a "free market economy". The Mongolian government followed structural adjustment measures which aim at macro-economic stabilization and growth.

At the market and state-level, it turned out that in the process of changing property rights interest groups emerged. In the course of decision-making for the privatization process the state organ (Privatization Commission) and the organization of Negdel leaders struggled for power in order to influence the privatization law to their advantage. Both parties had to compromise, until the state organ finally entitled the Negdel administrations to decide on resource allocation within each of the 255 collectives. This resulted in the opportunity for the Negdel leaders to maintain influental positions and gain power in the privatization process within the collectives.

On the local level, however, the groups which had emerged first in the process of decision-making did not follow long-term programs in the sense of "Strategic Groups" to allocate resources. After the dissolution of the collectives, there were few connections left between the government and the local communities, both in economic and political terms. The widening gap weakened the political system due to the fact that the groups in the parliament had only been of temporary importance for the rural population, namely during decision-making for privatization. This is one of the many factors which caused the separation of the livestock economy from national performance.

With its rapid mass privatization program the government had striven for several goals. It intended to demonstrate reform willingness and develop private sector activities by means of free redistribution of nearly all state assets to the Mongolian population on an equal basis. But lacking capital behind the process hampered effective enterprise operations. Moreover, the time and resource consuming planning and implementing of privatization caused the neglect of other reform tasks. This became the subject of many critics, especially with regard to the ineffective institutional environment needed for the development of a private sector. During this process, domestic goals conflicted with macro-economic stabilization measures the government had agreed on with the IMF

and World Bank. This reflects the difficult 'role of the state' in a transforming economy.

The establishment of a legal framework necessary to assure a democratic mandate in which economic restructuring takes place turned out to be extremely difficult. Many laws had to be amended soon after they had been put into force, since they did not take into account the inadequate institutional environment. E.g. the government put laws into force which provoked open protest, as the example of the tax law indicates. In this case, the need to gain government revenue conflicted with the need to enforce private sector activities. The discussions around the implementation of the land law enlighten the ambivalent factors contributing to decision-making.

Concerning the urban environment, it became obvious that certain entrepreneurial individuals and firms adjusted to market relations quite quickly and achieved significant prosperity within a short period. But for the majority of people it can be stated that results from economic transformation diverged considerably from those expected. Instead of growing as anticipated, the level of economic outcomes continued to decline. Inflation increased, causing a sharp decline in the living standard and threatening a return to destabilization. Internal factors caused a tremendous food crisis, in addition to external factors like the breakdown of the CMEA market. Other transformation measures, like price liberalization and a sharp reduction in state budget expenditure hit parts of the Mongolian population severely. Within a short period of time people were exposed to previously unknown social deterioration in absence of functioning safety nets.

Within this process, the government promoted a national resurgence which took particularly shape in efforts to reintroduce the old Uighur script, allow for a revival of shamanistic and Buddhist religious practices and officially acknowledge Cinggis Khan as the founder of the Mongolian nation. These identity strenghthening innovations can be interpreted as a strategy of the government to soften the social constraints of structural adjustment.

Internal and external changes caused the separation of the Mongolian livestock economy from the urban population and economy. Privatization in the rural areas had the main effect that herders tended to hold back their animals from sale because of the insufficient incentives to sell under the given conditions. Lacking efficient institutions for the reorganization under market principles, Mongolian herders faced the management of the 'rolling back of the state' with the only remaining source of livelihood: their privately owned animals, received in the privatization process. Since herders concentrated on increasing their herds, the 'shift of power to the immediate producers' (Nee 1991) caused the food crisis in Mongolia. In the vacuum left behind after the vanishing former

system, economic and social conditions in the remote rural areas brought about a variety of institutional changes.

While topics related to market and state were of prior meaning for an understanding of processes at national level, the focus on the rural population gives rise to the statement that market and state were increasingly losing their integrative function. In this process, people refer to customary patterns of mutual assistance, concerning social integration, risk management and reallocation of resources. The review of the historical dimension made obvious that during the Negdel period (1950s until 1991) production had been organized under tough control mechanisms and costly subsidies on the part of the state. Especially during the Negdel period, kinship bonds lost their safety-providing function since the state and the Negdel had taken over insurance and risk management issues. Nevertheless, after the dissolution of the Negdels local communities were able to revive customary institutions.

Decision-making for the reallocation of resources was influenced by rights, which partly depended on age and wealth status gained in collective times, but even pre-revolutionary elements regained importance in decision-making. E. g., concerning pasture usage, the former 'home places' or Tursun nutags. Wealth differences which had existed already under the previous system partly increased due to different abilities of herders to cope with the new conditions.

Land remained common property in the perception of herders, although property rights for land became officially defined as under state control. The emic perception of common property might in the future run counter government plans to reintegrate the livestock sector into the national economy, e.g. by the innovation of grazing fees. Concerning the common use of pasture land with private herds it turned out that customary institutions were, except in case of natural disaster, sufficiently established to avoid free-rider behavior or trespassing, at least concerning the research-sight.

However, the notion of indepedency should be anything else than a romantization of Mongolian pastoralism. In some areas where even flour had become unavailable, herders managed their nutrition needs with a severly restricted diet, namely with milkproducts and meat. In the one local setting of my research the emergence of 'traditional' institutions served as an adequate means for the reallocation and use of pasture, since competition and conflict around collectively used resources did not occur. Nevertheless, it has to be noted that certain threats to existence demand for an efficient state insurance system. Limits of customary neighborhood risk management exposed some individuals to a high level of dependence on others. In a long-term perspective, vanishing services may cause crucial shortages which threaten the health and security of individuals - given the fact that new insurances are not capable to

take the responsibility away from the individual herder. The impoverishment of some households hit by the snow-catastrophe in March/April 1993 is a clear hint to the threats of individual risk management and the limits of mutual assistance patterns.

The informants' own personal reaction to the changes was on the first hand positive due to the possession and their right of disposal of their products. Concerning livestock and other assets except land, property rights were clearly defined and ensured, but trading and marketing of their assets was reduced to barter trade within the local group. As a reaction herders did not engage in any marketing or economic organization and concentrated on increasing their herds instead. Concerning the negative aspect mentioned by the herders themselves, they were aware of the consequences of future absence of insurances and provisions. The scarcity of all market products, which caused severe shortcomings, were expected to increase.

In contrast to the conditions in the countryside, my research in the rural center of the same Soum gave an insight into a group of people who were to some extent closer to market relations, information and infrastructure. It turned out that all inhabitants stayed with private livestock near the center, at the cost of a heavy damage of the natural environment. Contradicting the argument of the "tragedy of the commons as a food basket" (Hardin 1977), however, it became obvious that there were compelling reasons other than the wish to maximize the own profit for the majority of the respondents. Many became jobless of whom some were not used to run a livestock economy. They had to remain at the center in expectation of new opportunities in a market environment. Others who were still employed had to manage a subsistent household economy simultaneously with their service in the center.

Subsistence production without market oriented ambitions was non existent in this setting, but the future perspective of some people was oriented towards life in the countryside. Giving up their skilled jobs they planned to cut off from the center to move to the countryside and to concentrate on their household production. One main reason was the fact that maintaining the more urban-oriented lifestyle in the center did not provide efficient incentives to those who were overstrained by their new life situation. I would call this development a clear step backwards, considering the development trends described in the Bielefelder approach ("Verflechtungsansatz"), which discusses five different types of intertwinement between market and subsistence economy.

In the rural Soum-center as in the countryside, where rapid privatization had been carried out in order to facilitate the process of a private sector development, the possession of private animals caused people to concentrate on their household risk management rather than commercializing their possessions.

Increasing barter trade transactions indicate a trend away from the national market. Although people living at the Soum-center were generally more engaged in trade and sale than those visited in the countryside, experiences with government negotiations on sale caused disappointment and an even greater loss in confidence in the government's ability to improve the situation. Barter trade transactions were mostly carried out with relatives while sale of animals for cash - which anyway happened rarely - concerned more often friends rather than relatives. This underlines the general revitalization of kinship bonds for the management and organization of the economic changes.

All entrepreneurial initiatives were severely restricted. There were no education or training programs provided which could have made up for lacking knowledge and experience and enable people to develop entrepreneurship, after the former system had in no way favored such initiatives. Another main problem was the broken down infrastructure which made trade outside the immediate social environment impossible. The absence of government administration and an effective legal system created restricted networks of cooperation with face to face-relations in the immediate social group. Limited networks minimized gains from trade, since small traders had difficulties to be competitive. In consequence, due to a weak institutional structure, transaction costs were high and led in many cases to the fast dismantling of newly founded businesses.

According to informants in B.-Soum, the most deplorable loss after the changes was the administrative framework which had provided general security. Though not officially acknowledged, within this framework, everybody in the community had carried out illegal activities. Self-provision in a 'shadow economy' had always contributed to the households' well-being and the impact of informal transactions among the people on personal gains was high. It became obvious that the present property structure was linked to possessions people had already acquired in Negdel times. Because of the fact that formerly private animals were kept through the privatization process, their number was significant for the wealth status of a family afterwards.

To conclude, the analysis of field-data from the Soum-center showed that some aspects of "property rights" and "transition" theory are valid for the process I investigated. Those with a high level of education held cadre positions or had been busy as state white collar employees in the former collective organization. Due to this, they had influence on decision-making for the mode of privatization within the Negdel. Furthermore, most of them maintained their positions after the changes. To some extent, they constitute the group of new entrepreneurs who founded businesses which are formally registered and even prosperous. After privatzation, they became "absentee herd owners" who let others herd their animals while they are busy at the Soum-center. The number of

jobless people is low among the previous high income class and highest among middle and low income classes. The number of livestock is high among those who had gained advantage due to their position in the Negdel and among some entrepreneurial characters among the herders.

My participant observations, however, qualify these data and contribute aspects which concern individual life situations and decision-making, and the respondents' own valuation of the circumstances. In a situation of scarcity and vanishing structures everybody became exposed to the management of a self-sufficient lifestyle, based on food production in a subsistence economy, no matter which position the person had achieved previously. Some people had been directly linked to the state due to their administration employment. Now state intervention in the rural areas was vanishing to the extent that salaries, pensions and welfare provisions were no longer paid to those who remained in their former position. Pressure to maintain food security caused the concentration on customary forms of integration. Within this context, newly rising phenomena such as 'absentee herd owners' are less indicating a social stratification in the course of changing property rights. They are rather a spontaneous reaction to diverging challenges in a difficult social and economic environment. The reemerging patterns of mutual assistance are associated by the informants with informal customary social institutions.

The latter go in line with the national resurgence and are perceived by many Mongolians as a unique cultural heritage which allows for an independent lifestyle. This perception has more than one implication. It reflects on the one hand a self-conscious dealing with the given reality by the informants. On the other hand it bears dangers. In case employees decided to quit their skilled jobs which they had carried out at the center for many years, this implies severe consequences for the future, concerning the individual's choice to manipulate the own biography. This is especially true for women who are increasingly forced to concentrate on their reproductive tasks within the household, after a long period in which they had access to jobs relatively equal with men. The high rate of school drop-out among children fosters the same trend. The self-perception of being capable to run an independent livestock economy in the countryside instead of being employed to unfavorable conditions in the center facilitates such a definite step, which is marked by heavy costs for the individual. Other factors motivating decisions like this are the broken down infrastructure of marketing channels and restrictions to alternative forms of economic activity in this especially harsh natural environment.

The future absence of the comprehensive socialist system was associated by some people I met with "freedom", meaning multiple future orientations. As illustrated in chapter six, there are some individuals actively involved in new strategies, though under very restricted conditions. Nevertheless it must be

stressed that given the actual need to organize a pastoral life without the previous support, the choices for orientation are drastically reduced for a majority. This became obvious in peoples' own valuations. Favoring economic and political liberalization, simultaneously they were suffering from scarcity and pressure to maintain and produce food supply. The loss of former status was expressed in the statement of a young herder who had been the Soum's only photographer:

> "Now everybody is just in the same position. Before the changes, you knew who you were: master or servant. Now, we are all forced to be herders. (...) I do no not like this job, but there is no other way of living now!"

For an outlook into the future perspectives of the rural population of Mongolia, there are several aspects I consider problematic, given the fact that the government aims at an integration into the world market, partly by means of the livestock sector. Among the aspects is the landlocked status of Mongolia, missing access to the sea to export raw materials. The latter are at present of low quality compared with international standards. Processing in Mongolia is restricted by lacking infrastructure.

The government's position for intervention in the rural areas is weakened. This hinders the re-integration of the livestock economy into the national economy, i.e. the procurement of livestock products. With regard to an increasing indebtedness and dependence on Donor countries (and their interests in Mongolia's natural resources) the question arises how state intervention will effect economic activities. The inadequacy of production other than extensive livestock economy in the Mongolian natural environment limits the prospects for alternatives. Although a commercialization of the livestock economy will be inevitable in the long run, the limited functions of currency within a mobile pastoralist economy and the low motivation to accumulate immovable property or money for its own sake, as a strong economic force might run counter state intervention. The herders' strategies and emic concepts illustrated in this thesis indicate that the consciousness of power over resources and of the ability to live independently from state provisions for some time may cause resistance to state intervention[359].
These aspects give rise to the assumption that conventional 'solutions' will not be adequate for Mongolia. With regard to the experience of other developing countries, alternatives which allow free market relations to be based on the pastoralist cultural heritage are badly needed. Four years after a one-

359. In a global perspective, these factors will foster the marginalization of Mongolia. This became already evident in the consideration of the Mongolian government to apply for the status of an LLDC (least developed country) in 1993. I consider the consequences of this status serious for the self-perception and cultural heritage of the rural population.

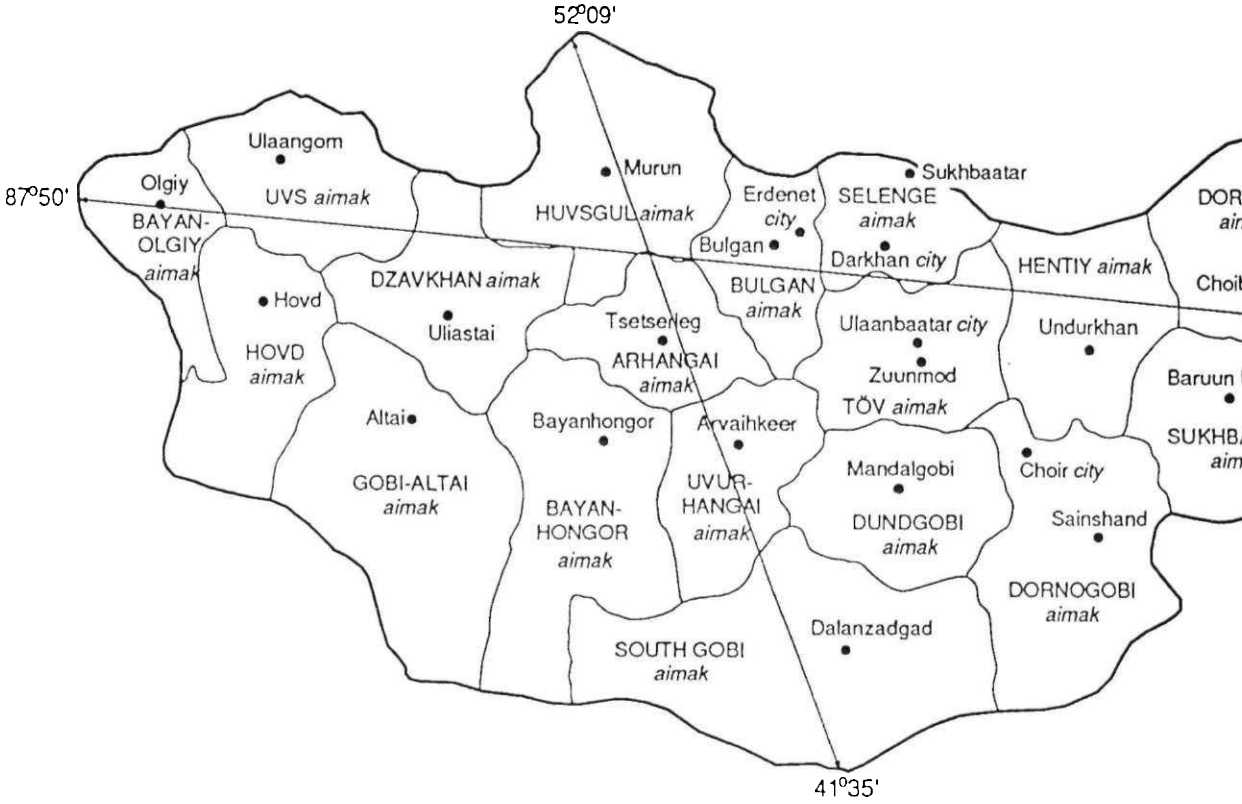
dimensional way of applying universal strategies, the "Conference on Sustainable Development of Central Asia" (COCODA) aims at an alternative integration model of the sparcely populated Central Asian regions. In the Conference's first meeting in Ulaan Baatar in September 1994[360] an attempt at a formulation of special needs of landlocked countries was made. Aiming at a distinct Central Asian regional identity, the Conference presents itself as a forum for Central Asian peoples to get in contact. It addresses multilateral aid institutions to recognise and treat separately Central Asian regions which require solutions to problems not found elsewhere. Among the issues formulated, environmental matters, economic development problems, social costs and the role of NGO's gained top priority. People "who share the experience that modernization in the 20th century restricted their ability to live on local resources" are called upon to acknowledge their 'traditional' technologies.

Apart from the question to which extent such an approach will ever have an impact on global macroeconomic policies, concerning the rural population of Mongolia, some factors should be acknowledged. Among them is the high level of education of the rural population, which may facilitate an estimation and recognition of environmental and social dangers. A consciousness for global dimensions could develop in the course of the former integration into a frame outside the local community. Previous connections to a world outside the own cultural environment brought about a concept of spatial integration. Many Mongolian herders had experienced urban oriented lifestyles for a certain period, e.g. in the capital Ulaan Baatar or even in Moscow for further education. Nevertheless, Mongolians usually did not favor urban environments to adopt a more comfortable sedentary life. The trend to live with privately owned animals even increased after the abolishment of the socialist system.

The self-perception of a relatively high level of independence from the national market and the state, the high level of education and the right of disposal of their property after privatization may facilitate a rejection of national and world market integration under the given conditions. In the meantime, the revival of a cultural heritage and ethnic features partly function to substitute state administration and serve as a rich source for new orientations in post socialism, as this study intended to illustrate.

360. See The Mongol Messenger No.38 (168) September 23th, 1994.
The delegates defined the Central Asian region as at least constitutiong the Central Asian republics, now part of the CIS, parts of eastern Russia, Mongolia, western China and the Himalaya regions of India, Bhutan, Nepal, Pakistan and Afghanistan.

Russian Federation



People's Republic of China

Province, biggest administrative unit. Mongolia consists of 21 Aimags including three cities. Each Aimag has a capital connected to the center, Ulaan Baatar, through an airport. Each one comprises several (between 10-15) Soums.
Oldest of one group, e.g. Khot Ail.
Russian name for herders.
Subdistrict, third administrative unit. Territorial unit of the former "Brigad", reintroduced as official term in 1990 with sometimes changed boundaries.
Big animal; "big" traditional livestock unit. Value: 1 camel 1,5 Bod; 1 horse, 1 cow or 1 yak 1 Bod; 1 sheep 0,14 Bod; 1 goat 0,1 Bod.
Small animal; "small" traditional livestock unit, also called sheep-unit, serving for barter transactions as a non-monetary "currency-unit". Value: 1 camel 9 Bog; 1 horse, 1 head of cattle 6 Bog; 1 sheep 1 Bog; 1 goat 0.8 Bog.
Biggest production entity within the Negdel.
National costume, everyday clothing for rural population.
Freezing snow or ice on pasture.
Elder sister.
Herders' felt tent.
Mongolian national food; fried dumplings.
Economic cooperative. After the dissolution of the Negdels officially defined as an economic entity. There are two forms of horshoo in existence - either voluntary and spontaneous for immediate collective action or in shape of a former state trading cooperative - henceforth a shareholders' cooperative.
Exchange between relatives in urban and rural areas.
State parliament.
Dependent relationship of a needy household on a more affluent one.
Second production entity within the Negdel, mostly with single-species herds.
Fief in pre-collective times.

Khot Ail	Informal labor division of households. Changing composition of Gers. Freely chosen after privatization, members are in general related to each other, in contrast to prescribed composition in Negdel times.
Khural	s. Ih Khural.
Naadam	National holidays in July.
Negdel	Collective, in socialist period under state control. Covering the territory of one Soum. Former subdivision of Negdel: 4-5 Brigads, now territorial unit: 4-5 Bags.
Neg jalgiinhan	People of one valley.
Neg nutgiinhan	People of one home territory.
Nutag	s. Tursun nutag.
Omch	Individual property inherited from parents or relatives.
Otor	Long distance grazing in spring to prevent losses of animals caused by climatic changes. Lasts several weeks while camp base does not move. In socialist period, organized by Negdel administration, after privatization, individual risk management.
Ovoo	Place of sacrifice to local dieties. Stone altar marking a holy place.
Sakhaltiin Ail	Neighboring camps working together in the lambing season (spring).
Shabinar	Disciples of monasteries in pre-revolutionary Mongolia.
Soum	District, second administrative unit. Territorial unit of the Negdel (collective). There exist about 240 Soums in Mongolia. Each Soum comprises several Bags.
Suur	Basic, smallest production entity within the Negdel. Consisted of families, not necessarily interrelated, living and working together. Now replaced by informal Khot Ail organization.
Tursun nutag	Long established family territory, that had lost its meaning in collective times, is gaining new importance. The term can either refer to a series of four seasonal pastures or to one particular pasture.

APPENDIX

Questionnaire for household survey June/July 1993 in Huvsgul Aimag, B.-Soum center

Name, age, date, place of birth
Number of children
Number of family members
Number of present family members
Number of adopted/given away children

I. Profession/Occupation

1. What is your present (summer) occupation
2. What is your winter occupation
3. What did you do in Negdel times
4. What is your wife/husband's present occupation
5. What was your wife/husband's occupation in Negdel times
6. What was your occupation when the Negdel disbanded
7. How many years did you work for the Negdel as state- or Negdel employee
8. Did you become unemployed through the disbanding of the Negdel
9. If you are unemployed in the Soum-center why don't you stay in the countryside

II. Livestock-ownership

1. How many/what kind of animals do you privately own
2. How many/what kind of animals did you own when you entered the Negdel
3. How many/what kind of animals did you privately own when the Negdel disbanded
4. How many/what kind of animals did you acquire through privatization
5. What else beside animals did you get for the rose coupon
6. What was the value of your rose coupon
7. With how many people together did you get private animals by the rose coupon, together with whom
8. What else beside animals did you get for the blue coupon
9. What was the value of your blue coupon
10. With how many people together did you get private animals by the blue coupon, together with whom

III. Absentee herd owners

1. Who was herding your private animals in Negdel times
2. What did you pay them
3. Do you stay in the Soum-center in winter
4. Who is herding your animals then
5. What do you pay them
6. Who is the owner of new born animals
7. What products from your own animals do you use in winter
8. Do you help those who herd your animals, which month
9. Which seasons do you herd your animals
10. What kind of animals do you look after in summer
11. Who is keeping the rest of your animals during this time
12. What do you pay them/what do you use of your livestock
13. When did you start to herd your own animals

IV. Pasture usage and Khot Ail

1. Where did you live in Negdel times
2. Did you spend summer at this place
3. Did pasture usage become free after the disbanding of the Negdel
4. Where do your animals graze in summer
5. Who do you stay with in Khot Ail in summer
6. How many times a year do you move
7. What is the quality of the pasture like
8. Does the overgrazing problem exist in summer
9. What is the reason for this problem
10. Do you consider the cutting down of wood a problem in this area
11. Did this problem increase after the dissolving of the Negdel
12. Have there been as many herders at this place in Negdel times
13. Did you change your summer pasture during the last three years
14. If the same pasture is used by more than one herder, does this cause
15. If so, who settles claims
16. What do you know about the grazing fees and the new land law

V. Membership, marketing conditions

1. What kind of economic entity are you member of
2. Where/how do you market your animals/products
3. How many animals did you sell/trade/give as a present
   this year, how, where

VI. Property and wealth

1. Did you have an income other than your Negdel/state salary
2. Did you trade in private animals then, how
3. Do you have possessions other than livestock, what kind
4. Would you call your family rich, well-off, middle, poor - Why do you think so
5. Would you call the people herding your animals rich, well-off, middle, poor
6. What economic status did your family hold when it entered the Negdel
7. What economic status did your family hold before the revolution 1921
8. Are you insured in case of losses, how
9. Did you loose animals in the winter Dsuud

VII. Children's and women's work, education

1. In what way are your children involved in household production
2. Are there school drop-outs in your family
3. How many years did you go to school
4. When did you learn livestock-breeding
5. How did women's daily occupation change after privatization

VIII. Valuation

1. What do you think has improved/become worse after privatization

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