

The Effects of Governance on Development:
Access to Economic and Social Opportunities in Post-Communist Rural Mongolia

Honors Project

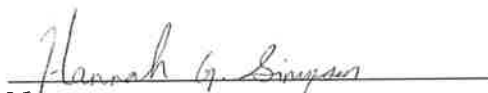
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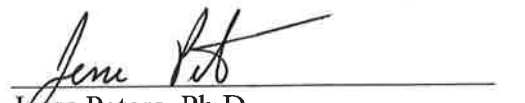
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LIST OF MONGOLIAN TERMS

Aimag – Mongolian administrative district

Bag – Subdivision of a *soum*

Dzud – Severe winter weather that covers pastures in ice and snow and prevents grazing

Ger (Yurt) – Easy-to-transport nomadic housing

Negdel – Collectivized herding unit used during the period of Soviet occupation

Soum (sometimes spelled *sum*) – Subdivision of an *aimag*

ABSTRACT

This paper studies how poor governance has affected herder livelihood in Mongolia's new free-market economy. It focuses primarily on their ability to make a living on government-owned land following poor livestock distribution practices. The affects of these changes were analyzed through economist Amartya Sen's capability approach: specifically, the herders' ability to access economic and social facilities that would otherwise enable them to develop via their own capacities.

This study found that livestock distribution practices severely inhibited the Mongolian herders. A majority of the herders were given far below the number of livestock necessary to meet their basic needs. This prevented them from accessing financial capital due to a lack of collateral in the form of livestock, which hindered their ability to build shelters or purchase fodder. It also prevented their ability to migrate and reach better grazing pastures or water, causing herders to overgraze near roads and water sources. Many herders have returned to urban centers for secondary and informal jobs.

Land allocation patterns have proved equally harmful. Many officials do not understand the extent of their authority over grazing, livestock capacity and migratory patterns. Due to biases in land titling, poorer herders are forced to migrate often and graze illegally on pastures in the vicinity. Migratory patterns have grown smaller over time as herders are less capable of migrating long distances for seasonal pastures. This has contributed to overgrazing.

The Effects of Governance on Development: Access to Economic and Social Opportunities in Post-Communist Rural Mongolia

Since the democratic transition in Mongolia, the rural sector has suffered a series of setbacks causing herders to live mostly subsistence-oriented lifestyles. Poor governance is a factor in the decline of living standards, as the national government failed to properly assess the privatization of livestock and other government-owned assets. Failure to prepare for the unintended consequences that arose from pursuing urbanization and modernization theories of growth and development also contributed.

Two decades later, the foremost substantive issue of Mongolian rural poverty remains the legacy of poor governance from the 1990 democratic transition, particularly in the areas of asset (specifically livestock) distribution and a lack of appropriate property policies. The rural sector continues to struggle with issues of livestock care, financial assistance, capital gain, access to natural resources, and migration capabilities. Several questions arise concerning the past and present governance in the rural sector. In what ways has poor governance in livestock and government-owned asset distribution affected the rural sector during the transition? In what ways has the rural sector been affected by the 1994 Land Law which retained all migratory grounds as government property while giving local authorities the ability to lease land to herders? This study seeks to do more than simply describe changes to the livelihoods of the herders; the affects of these changes will be analyzed as well. Current standard of living measurements fail to accurately record the quality of the rural sector. This paper will analyze the changes in livelihoods instead through economist Amartya Sen's¹ concept of "instrumental

¹ Sen won the Nobel Prize for Economics in 1998 for his work on the "capability approach" to development.

freedoms.” This includes the herders’ ability to access to economic facilities and social opportunities that would otherwise enable them to develop via their own capacities. This study will attempt to show that the lack of access to these “freedoms” has prohibited the herders from developing alongside their urban counterparts slowing the growth of the country as a whole. This analysis will suggest that the lack of access to social and economic facilities due to poor governance is a proponent of declining rural living standards.

The first section of this paper will describe the theories through which my research will be qualitatively analyzed and briefly synthesize why current measurements of development are ineffective. The second section will discuss the history of the rural sector during the Soviet Union’s period of influence and the democratic transition. The third section will apply Sen’s theories to the Mongolian rural sector tying together examples from Mongolia’s past and its current state to show the necessity of Sen’s concepts to rural livelihood.

Development Theories: Measuring Quality of Life

Human Development Index

The World Bank uses the Human Development Index (HDI) to assess living standards within countries, although indices with more specific orientations (such as gender or education) have also been used. Proponents of the HDI measurement contend that one must measure broadly accepted values that are conducive to development. According to the World Bank and UN, these variables are 1) education, measured through literacy rates and school enrollment; 2) income; and 3) the average life expectancy, which is meant to measure an adequate diet and access to clean drinking water and health care. While it is a more holistic approach than GDP or income-based

measurements, the HDI ignores certain cultures within society all together. For instance, if the portion of the population studied doesn't value the qualities measured (such as education) the measurement becomes an inaccurate portrayal of human "development".² When applied to Mongolia, this measurement fails to consider the values of the nomadic people, who constitute approximately one-half of the total population. Noting Adam Smith's attention to social, political and economic values, Sen argues that capitalism is a system dependent on values and cultural norms, as opposed to self-interest and greed.³ In the pursuit of advancing the capability of a person to foster development, Sen contends we must consider the "extent to which people have the opportunity to achieve outcomes that they value and have reason to value."⁴ While income may serve as an appropriate measure of a herder's ability to sell their products in markets or to manufacturers, the other two measurements are not as useful to the rural sector.

Currently, nomads have little reason to value education as the World Bank and UN define it. Steeped in poverty and living subsistence-oriented lives, most herders are concerned with survival through herd care or finding alternative employment, which often requires assistance from their children. Life expectancy may measure adequate diets, access to drinking water and access to healthcare, but it does not measure the steps herders must take in order to access or maintain these resources. These include the inability to use seasonal pastures due to decrepit communal wells, causing livestock to overgraze on land near rivers; the need to eat their livestock because poor infrastructure prevents access to markets for trade or sell (which in turn, reduces livestock collateral for

² Caplan, Bryan. "Against the Human Development Index." *EconLog*. 22 May 2009. Web. 13 Aug. 2010. <http://econlog.econlib.org/archives/2009/05/against_the_hum.html>.

³ Sen, Amartya. *Development as Freedom*. New York: Anchor, 2000: 262-63. Print.

⁴ Ibid 291.

financial assistance); and the need to move to urban centers for modern health care and secondary jobs, causing herds to overgraze near cities. While their life expectancy may remain stable, the negative consequences of maintaining the status quo are not measured. Even if it were the goal of the Mongolian government to shift the values of the rural sector, as the analysis will show, this shift is prevented by failing to provide access to economic facilities that will promote access to and participation in social opportunities such as education. By measuring access to instrumental freedoms, a clearer vision is provided of a herder's ability not only to survive but also to participate in economic and social opportunities according to their values.

Thus, despite small increases in Mongolia's HDI, first recorded directly following the 1990 democratic transition, increases in the quality of life are not noticeable in the rural sector. Poor governance in Mongolia has prevented the pastoralists' access to instrumental "freedoms," specifically economic facilities and social opportunities, thus hindering their development within the rural sector, as well as Mongolia's overall development. The most notable inadequacies in Mongolia's rural sector are the failure to ensure economic and social freedoms following the democratic transition. These deficiencies are manifested in unequal distribution of livestock following the dissolution of herding collectives and poor governance of land leasing contracts, access to natural resources and migration patterns.

Governance

The United Nations Development Program (UNDP) defines governance as "the allocation and management of resources to respond to collective problems; it is characterized by participation, transparency, accountability, rule of law, effectiveness and

equity.”⁵ The World Bank takes a slightly different view, defining governance as “the traditions and institutions by which authority in a country is exercised for the common good.” It notes three processes specifically: 1) the selection, monitoring and replacement of authority; 2) the government’s management of resources and policy establishment; and 3) the “respect” for governing institutions by the citizens and the state.⁶ While the Mongolian government appeared to commit strongly to the UNDP’s definition, particularly in ensuring transparency and participation in privatization, as this research will show, it failed in the World Bank’s criteria. The poor management of resources and policies during and after the transition has had the most severe effect on rural livelihoods. Governance, however, is a process of decision-making that involves more than simply government; it is inclusive of all participating actors in civil society. Thus, international actors cannot be held blameless: proponents of “shock therapy” contributed to the herders’ plight.

“Shock Therapy” theorizes that democracy and development would occur fastest through instant price liberalization and decentralization of the government; it was believed the shock of the simultaneous changes would catapult Mongolia into modernization and industrialization. Decentralization of controls and regulations, as well as privatization, were considered two of the most important factors to obtain a free market, along with price liberalization and reforms of the bank and financials systems.⁷

Advised by economist Jeffery Sachs and the International Monetary Fund (IMF),

⁵ United Nations Development Program, comp. *Mongolian Human Development Report*. Rep. 2007: 143. Web. 8 July 2010.

<<http://hdr.undp.org/en/reports/nationalreports/asiathepacific/mongolia/name,3392,en.html>>

⁶ “WBI Governance & Anti-Corruption - What Is Our Approach to Governance?” *World Bank Group*. Web. 3 Aug. 2010. <<http://go.worldbank.org/MKOG258V0>>.

⁷ Fratkin, Elliot. “Pastoralism: Governance and Development Issues.” *Annual Review of Anthropology* 26 (1997): 249. *JSTOR*. Web. 5 Aug. 2010.

Mongolia immediately privatized all government owned businesses and properties with the exception of the grazing pastures, and liberalized trade prices. A number of unintended consequences resulted, including asset distribution bias, looting, inaccurate record keeping by authority, and public ignorance concerning the method of privatization (a newly created stock market) and worth of shares, which led to the selling of shares far below their value. Monetary aid came with contingencies that served to weaken governing institutions: in order to receive assistance, the IMF insisted upon reducing the government's power to allow the market to self-regulate.⁸ Neither the regulation of governance nor anti-corruption measures was attempted in Mongolia until the beginning of the 21st century.⁹

Developing Capacity through Instrumental Freedoms

Sen argues that "relative deprivation in terms of incomes can yield to absolute deprivation in terms of capabilities,"¹⁰ but there are factors of influence on the capability of a person aside from low income.¹¹ It is the lack of access to instrumental "freedoms" (which include access to political freedoms, economic facilities, social opportunities, transparency guarantees and protective security) that cause deprivation. As Mongolia shifted towards urbanization and economic growth strategies (as opposed to economic development strategies), development of the rural sector was often ignored. The Mongolian government was instructed to move from agriculture and herding to build up

⁸ White, Brent T. "Putting Aside the Rule of Law Myth: Corruption and the Case for Juries in Emerging Democracies." (March 13, 2009): 7. Cornell International Law Journal, Forthcoming; Arizona Legal Studies Discussion Paper No. 09-09. Available at SSRN: <http://ssrn.com/abstract=1359338>.

⁹ Ibid 13.

¹⁰ Sen, Amartya. *Development as Freedom*. New York: Anchor, 2000: 89. Print.

¹¹ Ibid 87.

the financial and business sectors in urban areas, particularly in the capital, Ulaanbaatar.¹² An urban focus has had disastrous effects for Mongolia's development, a country in which the rural sector has historically constituted a large portion of the employment sector. In 1999, the World Bank estimated that 95 percent of the cash in circulation was concentrated in the capital city, Ulaanbaatar¹³, and that an estimated five percent of foreign aid went to rural areas¹⁴; at this time, the rural sector employed approximately 60 percent of the total population.¹⁵

According to Sen, economic facilities include resource consumption, the production or exchange of goods or services, and the availability of and access to finances. Social opportunities include the availability of education and health facilities. Both of these "freedoms" promote the other, since economic facilities can engender the ability to accumulate resources that allow individuals to partake of social opportunities, while social opportunities promote economic participation.¹⁶ Assuming this to be true, we can distinguish the areas in which the development of the rural sector failed. Poor governance through the privatization of *negdels* (collectivized farming units) and livestock distribution destroyed opportunities for economic enhancement, while a lack of infrastructure and aid to the rural sector simultaneously excluded its ability to participate in or benefit from health or education opportunities received by the urban areas. Those governing the transition, including the Mongolian government and international actors, believed that by privatizing all sectors, the rural sector would be assimilated into any

¹² Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: x. Print.

¹³ Ibid 170.

¹⁴ Griffin, Keith. *A Strategy for Poverty Reduction in Mongolia*. Rep. UNDP, July 2001. Web. 8 Aug. 2010.

¹⁵ Nixon, F. I., et al. *The Mongolian Economy: A Manual of Applied Economics for a Country in Transition*. Cheltenham UK: Edward Elgar, 2000: 158.

¹⁶ Sen, Amartya. *Development as Freedom*. New York: Anchor, 2000: 11. Print.

growth that would occur in the market, which was thought to develop spontaneously.¹⁷ It was the failure to establish a proper legal and governing framework in the rural sector that prohibited the proper dissemination of the *negdel* livestock and communal property during the privatization period. The decision to maintain control without establishing proper tenure policies has harmed the ability of herders to access economic and social "freedoms".

History: From Soviet Occupation to Democracy

In the first decade following the transition, Mongolia saw a large increase in unemployment in the urban sector.¹⁸ Much of the urban sector during the Soviets era was built through foreign direct investment from the USSR and relied on Soviet technology and equipment to operate. Further, the USSR did not invest in training the Mongolian people to operate or fix the machinery, instead choosing to hire immigrant workers. Until the 1990 transition, Mongolia's economy was dependent on funding from the Soviet Union. Trade through the USSR's Council for Mutual Economic Assistance (CMEA) supported approximately 80 percent of Mongolia's imports and 70 percent of its exports.¹⁹ The USSR subsidized education, healthcare and infrastructure and provided about 30 percent of the annual GDP.²⁰ Through this reliance, Mongolia was able to successfully establish roads, railway systems and aviation routes, although such infrastructure benefitted mostly the capital city. Universal literacy, health care and

¹⁷ Spoor, Max. "Mongolia: Agrarian Crisis in the Transition to a Market Economy." *Europe-Asia Studies* 48.4 (1996): 620. JSTOR. Web. 4 Aug. 2010. <<http://www.jstor.org/stable/153138>>.

¹⁸ Nixon, F. I., et al. *The Mongolian Economy: A Manual of Applied Economics for a Country in Transition*. Cheltenham UK: Edward Elgar, 2000: 55.

¹⁹ White, Brent T. Putting Aside the Rule of Law Myth: Corruption and the Case for Juries in Emerging Democracies (March 13, 2009): 6. Cornell International Law Journal, Forthcoming; Arizona Legal Studies Discussion Paper No. 09-09. Available at SSRN: <http://ssrn.com/abstract=1359338>.

²⁰ Ibid.

industrialization through massive foreign direct investment and foreign technology were also provided for all sectors, including pastoral.²¹

Following the Soviet's withdrawal, supplies to support both rural and urban economies, (Collins *et al* notes specifically oil, spare parts, cement and fertilizers) could no longer be imported, and real GDP fell by 10 percent by 1991, with inflation rising to between 100 and 300 percent.²² Thus, the lack of investment flowing into the urban (and rural) sector following the Soviet's physical and financial departure caused a mass outflow of people from the urban to rural sector, as many soon realized the human and financial capital did not exist in order to continue operating. (See Table 1.) Urban families who received a portion of a *negdel's* livestock often chose to return to herding, which also contributed to the urban outflow.²³ By 1997, the agricultural sector accounted for 60 percent employment; prior to the transition, this sector had been in decline.²⁴ As Table 1 shows, the rural population was significantly smaller in 1991. The population shows significant increase in 1997, as a result of the increase in the rural sector.

Negdels

Soviet-imitated collectivization began in 1928, with the establishment of *negdels* across Mongolia. Lamas, the previous administrators, were quickly disposed of and all cultural ties to religious and hereditary leadership were broken.²⁵ Mandatory membership

²¹ Collins, Paul, and Frederick Nixon. "Managing the Implementation of 'Shock Therapy' in a Land-Locked State: Mongolia's Transition from the Centrally Planned Economy." *Public Administration and Development* 13.4 (1993): 390. *Wiley Online Library*. Web. 20 July 2010. <<http://onlinelibrary.wiley.com/doi/10.1002/pad.4230130407/abstract>>.

²² Ibid 391.

²³ Nixon, F. I., *et al.* *The Mongolian Economy: A Manual of Applied Economics for a Country in Transition*. Cheltenham UK: Edward Elgar, 2000: 55. Print.

²⁴ Ibid 158.

²⁵ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 7. Print.

NUMBER OF URBAN AND RURAL RESIDENTS IN MONGOLIA (000)								
	1919	1959	1963	1969	1979	1986	1991	1997
Urban	53.8	183.3	408.8	527.4	817.0	1052.8	1235.6	1226.3
Rural	589.2	662.5	608.2	670.2	778.0	896.9	951.6	1127.0

Source: Adiyasuren (1998, p. 61)

Table 1: Number of Urban and Rural Residents in Mongolia. Until the transition in 1991, both the urban and rural sectors continued to grow as new foreign technology attempted to industrialize both sectors. Note the large increase in the rural population between 1991 and 1997 and the slight decline in the urban sector. The initial outflow from the urban sector is not seen here. By this time, many of the rural herders had moved back to urban centers or the suburbs in order to obtain secondary, seasonal and/or informal work to supplement herding.²⁶

in herding collectives did not begin until 1960,²⁷ when the already existing 700 herding units would be compressed into *aimags* (districts), which were separated further into *soum* (subdivision of *aimags*) and *bags* (subdivision of *soum*). Herders were forced into *negdels* through discriminatory distribution practices, which included being appropriated poor grazing grounds, the inability to access veterinarians that were assigned for *negdel* use only, and the inability to access credit. Eventually, all livestock was transferred to the state from privatized herds; privately owned livestock were nonexistent by 1950.²⁸

Resentment for *negdels* disappeared as herders recognized the social benefits.²⁹ *Negdels* provided stability and strict management, as well as complete care of the livestock and families. Specifically, herders were provided veterinary services, access to

²⁶ Pomfret, Richard. "Transition and Democracy in Mongolia." *Europe-Asia Studies* 52.1 (2000): 149-60. JSTOR. Web. 6 Aug. 2010. <<http://www.jstor.org/stable/153756>>.

²⁷ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 11. Print.

²⁸ Ibid 11-12.

²⁹ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 14. Print.

markets, processing, manufacturing, storage and trading facilities (including food factories, fodder plants, and underground storage facilities for food), as well as public health, education, motorized assistance for migration, collective restocking and seasonal shelters.³⁰ The provision of these services allowed herders to specialize in their own tasks, which would be detrimental following the democratic transition. Many herders would be inexperienced in other areas of herding.

Pastureland

Private property on Mongolian grazing grounds has historically been unconstitutional, and remains so following the transition. Informal and formal institutions generally governed herding movements.³¹ Pasture allocation was governed through heredity (generally by lamas or descendants of Chinggis Khan) prior to communist rule. Nomads also cited informal norms and customs, described as "unwritten law", as a policy by which movement and allocation occurred.³² Pastureland use in current and pre-revolutionary times involve setting aside of pastureland for seasonal use. Four pastures are distinguished and set aside for seasonal grazing, such that the dried forage from the summer and autumn pastures is available for animals during the winter and spring.³³ Under the *negdel* system, customary migratory patterns were shortened and confined to a single *soum* or *bag*. Grazing in out-of-season pastures was punishable by fines. Today, no such sanction exists, and trespassing on leased land or reserves is

³⁰ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 13-14. Print.

³¹ Fernandez-Gimenez, Maria E., and B. Batbuyan. "Law and Disorder: Local Implementation of Mongolia's Land Law." *Development and Change* 35.1 (2004): 142. JSTOR. Web. 13 Aug. 2010.

³² Ibid.

³³ Ibid.

rampant, particularly by the poorer herders. Since the demise of the *negdel*, pasture use has not been formally controlled.³⁴

During the Soviet's occupation of Mongolia, the government rationed land to the *negdels*, which appointed pastures for specific uses and planned patterns of seasonal movement. Scientific pasture management was introduced through technology and foreign labor, including a system of wells for migratory assistance. Land ownership laws did not change following the democratic transition, but policies concerning the regulation of use would collapse and remain weak.

Following the transition, Mongolia chose to prevent the privatization of grazing lands, preferring instead to operate under a lease system. Under Mongolia's current Land Law, 80 percent of the land is grazing land and cannot be privatized. The government hopes that maintaining open access grazing policies will prevent disagreements amongst herders concerning land tenure and resources.³⁵ It wasn't until 2002 that arable land (less than one percent³⁶) and urban areas could be privatized for business and personal uses.³⁷

Out-of-season grazing and disoriented grazing patterns followed the democratic transition, as governing institutions weakened and the influx of new herders entered the rural sector. Herds congregated along roads and water points due to decreased mobility caused by poor livestock composition- a result of biased distribution practices. *Bag* and *soum* authorities began leasing pastureland in 1998,

³⁴ Fernandez-Gimenez, Maria E., and B. Batbuyan. "Law and Disorder: Local Implementation of Mongolia's Land Law." *Development and Change* 35.1 (2004): 144. *JSTOR*. Web. 13 Aug. 2010.

³⁵ Ibid 142.

³⁶ "CIA - The World Factbook." *Central Intelligence Agency*. Web. 6 Aug. 2010. <<https://www.cia.gov/library/publications/the-world-factbook/geos/mg.html>>.

³⁷ Fratkin, Elliot, and Robin Mearns. "Sustainability and Pastoral Livelihoods: Lessons from East African Maasai and Mongolia." *Human Organization* 62.2 (2003): 118. *Scientificcommons.org*. Society for Applied Anthropology. Web. 8 Aug. 2010. <<http://en.scientificcommons.org/23009445>>.

although local interpretations of governance capabilities remain unclear, which adds to the issue of poor governance and misunderstanding as to the proper role of the government in land allocation. Major issues include providing security of land tenure and mobility for grazing purposes.³⁸

The focus on development continues to be spearheaded by urbanization and modernization theories, which tend to ignore the pastoralist sector. According to a 2010 World Bank study, the livestock sector is as unimportant to the Mongolian economy as ever, despite supporting approximately 40 percent of employment and its likelihood of remaining the "single most important sector to the economy in terms of employment". The World Bank also maintains that the sector has been in a state of flux since the transition and the direction it is headed remains unclear.³⁹

Measuring Living Standards: Economic and Social Facilities

Privatization and Distribution

Failure to establish a legal framework for privatization and a reliance on weak market institutions caused "retrenchment" of the herders,⁴⁰ sending them spiraling into poverty instead of assisting them in the development of the rural sector. Monetary aid to assist democratization came at a price. In order to receive assistance, the International

³⁸ Fratkin, Elliot, and Robin Mearns. "Sustainability and Pastoral Livelihoods: Lessons from East African Maasai and Mongolia." *Human Organization* 62.2 (2003): 118. *Scientificcommons.org*. Society for Applied Anthropology. Web. 8 Aug. 2010. <<http://en.scientificcommons.org/23009445>>.

³⁹ "Livestock Sector Study of Mongolia." *World Bank Group*. Web. 19 Aug. 2010. <<http://go.worldbank.org/GTTIB4NXJ0>>.

⁴⁰ Spoor, Max. "Mongolia: Agrarian Crisis in the Transition to a Market Economy." *Europe-Asia Studies* 48.4 (1996): 624. *JSTOR*. Web. 4 Aug. 2010. <<http://www.jstor.org/stable/153138>>.

Monetary Fund insisted upon reducing the government's power to allow the market to self-regulate,⁴¹ which contributed to the unpreparedness of governing institutions.

In an effort to privatize government enterprises through transparent operations on a newly created stock exchange, all adults received vouchers that could be redeemed for livestock or shares in private companies. Unfortunately, very few Mongolians understood how to use the stock exchange or even the concept of purchasing shares. This caused many to sell them for a small fee in order to purchase consumer goods. More affluent members of society, usually *negdel* owners with strong social and financial capital, purchased the vouchers, resulting in the possession of the majority of the private sector by a few members of society.⁴² This method of privatization was also used in the dissolution of *negdels*. *Negdel* cooperatives transformed into joint stock companies which quickly fragmented into privatized companies and household enterprises. Urban wage earners, many no longer employed by state bureaucracies or enterprises, moved back to the countryside to join their pastoral families and claim a portion of the livestock that was divvied among the pastoralists when the *negdels* closed.

"Frantic" privatization took place in 1990-1, following the abolishment of the *negdel*. Nearly all of these companies dissolved due to the inability to sustain in the new environment, and split all assets amongst the "owners" of the company, causing gaps in livestock and asset ownership. The secretive manner through which this process was conducted essentially guaranteed inequitable distribution and confusion about the worth

⁴¹ White, Brent T. Putting Aside the Rule of Law Myth: Corruption and the Case for Juries in Emerging Democracies (March 13, 2009): 7. Cornell International Law Journal, Forthcoming; Arizona Legal Studies Discussion Paper No. 09-09. Available at SSRN: <http://ssrn.com/abstract=1359338>.

⁴² Ibid 9.

of items.⁴³ Parliament required that *negdels* be dismembered and resources sold via public auctions. Unfortunately, the *negdel* leadership assessed the value of all the assets and was thus able to retain the majority of the assets by valuing them too high for purchase by the common herder.⁴⁴ *Soum* manufacturing units were dismantled. Authorities sold physical capital such as trucks, tractors and harvesters to other towns or individuals at secretly negotiated prices. All non-livestock assets were usually sold without documentation.⁴⁵ Crop farming ceased, and industrialization efforts in the rural sector ended.⁴⁶ All materials that weren't sold by the government were taken by herders and sold or utilized, including communal materials such as pasture fencing, which were re-used for animal shelters, firewood or sold. Some herders claimed dismantled buildings and the equipment within, such as sewing shops and small tools.⁴⁷

Livestock and Access to Economic Facilities

In 1990, state collectives owned 68 percent of all livestock. By 1992, more than 80 percent of the industrial, service, trade, and agricultural sectors were privatized, with 90 percent of livestock in private ownership by 1994.⁴⁸ Nomadic families suddenly found themselves private owners of livestock, with little social, economic, or physical capital on which to rely.⁴⁹ Herders began to move shorter distances and less frequently due to

⁴³ Nixon, Frederick, and Bernard Walters. "Privatization, Income Distribution, and Poverty: The Mongolian Experience." *World Development*, 2006: 1566. JSTOR. Web. 5 Aug. 2010.

⁴⁴ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 18. Print.

⁴⁵ Ibid 21.

⁴⁶ Ibid 1.

⁴⁷ Ibid 19-20.

⁴⁸ Fratkin, Elliot. "Pastoralism: Governance and Development Issues." *Annual Review of Anthropology* 26 (1997): 242. JSTOR. Web. 5 Aug. 2010.

⁴⁹ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 1. Print.

transportation costs, and the pastoral economy soon became subsistence-oriented.⁵⁰ Only a few, unsuccessful attempts were made to resume joint action.⁵¹

Data⁵² on livestock distribution in 1992 shows roughly five percent of households had herds with more than 200 animals, whereas at the bottom end of the distribution, 42 percent of households had herds containing less than 31 animals. Herd sizes of less than 100–150 animals are regarded as insufficient for a sustainable livelihood. Distribution bias is apparent. It was noted in some cases that livestock vouchers were distributed to those who worked in collectives according to “prior allocation of animals and other assets”, which excluded retired workers, initial investors, and occasionally family members and students.⁵³ There is also evidence of bias in allocation to more experienced herders and prominent households as opposed to newer herders, young herders, and female-headed households.⁵⁴ In 2000, approximately 63 percent of households owned less than 100 animals, while 22 percent owned 100–200 animals. Just 12 percent had herds between 200 and 500 animals.⁵⁵

⁵⁰ Janzen, Jorg. "Mobile Livestock-Keeping in Mongolia: Present Problems, Spatial Organization, Interactions between Mobile and Sedentary Population Groups and Perspectives for Pastoral Development." *Senri Ethnological Studies* 69 (2005): 70. *CiNii*. Web. 12 Aug. 2010. <<http://ci.nii.ac.jp/naid/110004449219/en>>.

⁵¹ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 1. Print.

⁵² Griffin, Keith. *A Strategy for Poverty Reduction in Mongolia*. Rep. UNDP, July 2001. Web. 8 Aug. 2010.

⁵³ Nixon, Frederick, and Bernard Walters. "Privatization, Income Distribution, and Poverty: The Mongolian Experience." *World Development*, 2006: 1566.

⁵⁴ Birdsall, Nancy, and John Nellis. "Winners and Losers: Assessing the Distributional Impact of Privatization." *World Development*, 2003: 1625; Nixon, Frederick, and Bernard Walters. "Privatization, Income Distribution, and Poverty: The Mongolian Experience." *World Development*, 2006: 1566.

⁵⁵ Nixon, Frederick, and Bernard Walters. "Privatization, Income Distribution, and Poverty: The Mongolian Experience." *World Development*, 2006: 1566.

Table 2: Livestock Distribution in 1992 and 2000.

	<100	100-200	200-500
1992	42%*	N/A	5%
2000	63%	22%	12%

*Herds consisting of less than 31 animals.

Availability of/Access to Financial Services

Small herds (< 500) often prevent herders from receiving assistance from financial institutions, including micro-credit, due to a lack of collateral in the form of livestock.⁵⁶ Thus, few herding families had access to finances to invest in necessary capital for adequate livestock care, housing, or migration assistance.⁵⁷ The risk-averse families rarely opted to sell live animals for assistance or insurance during harsh weather or hard economic conditions.⁵⁸

Subsequently, many poor families began contracting their services to wealthier families. Various agreements included: 1) caring for the herd while providing the owner with a specific amount of produce annually; 2) the herder family milks, feeds and provides for their own clothing from the animals while maximizing the herd for the owner's benefit; and 3) setting a number of animals aside for the poor herders to milk, shear and breed as compensation. After a period of years, assisting herders may be given a small number of livestock with which to begin their own herd.⁵⁹ This symbiotic

⁵⁶ Nixon, Frederick, and Bernard Walters. "Privatization, Income Distribution, and Poverty: The Mongolian Experience." *World Development*, 2006: 1566.

⁵⁷ Ibid 1568.

⁵⁸ Pomfret, Richard. "Transition and Democracy in Mongolia." *Europe-Asia Studies* 52.1 (2000): 153-54. JSTOR. Web. 6 Aug. 2010. <<http://www.jstor.org/stable/153756>>.

⁵⁹ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 5. Print.

relationship provides both security for the livelihoods of poorer herders and assistance in herd care for wealthier herders.

Restriction of Social Opportunities

As noted earlier, Sen contends that economic facilities can engender the ability to accumulate resources that allow individuals to partake of social opportunities, while social opportunities promote economic participation. We can conclude that the inability of the herders to provide economic facilities for themselves has also hindered their ability to access social opportunities such as education and health care.

With small herd numbers, a lack of infrastructure and no access to financial services, traveling to Ulaanbaatar to receive anything close to adequate health care would be difficult. Migration and/or paying for the service would require the sale or trade of animals, which affects the family or individual's ability to survive. The number of livestock a herder owns directly affects the capability of the herder to sell animals or the goods made from animal milk or hair, and thus their ability to survive. Having been reduced to a subsistence-oriented living due to small livestock numbers, the propensity for herders to shift their values from survival to education is slim. The transition fostered an environment that prevented the cultural shift and thus the participation of the rural sector in social opportunities valued by the urban sector.

Governance and Allocation of Land

In 2004, the Mongolian Parliament passed a law that allows for the leasing of land specifically for campsites. The law provides three types of rights to land⁶⁰:

- 1) Land ownership: includes the right to sell the land, plus same rights as the following contracts

⁶⁰ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 145-6. Print.

- 2) Land Possession: provides the right to manage and transfer the land through inheritance or with permission
- 3) Land Use: provides the right to use, but not transfer, the land

A study of the Bayan-Ovoo *Soum* found campsites allocated according the length of past use, hereditary use, whether that household utilized that land during *negdel* period, and if the herder had developed a new campsite elsewhere.⁶¹ Sixty-year plots were granted if the herder was raised at the campsite, if the campsite was inherited, and if the same household used it during the *negdel* era.⁶² According to a study on land contracts in Jinst *Soum*, only 300 or 503 households were awarded contracts. The remaining 200 herders were left without secure tenure.⁶³ Houses without contracts were told to claim deserted campsites, develop new ones, live with relatives, or arrange to access a campsite already in possession. (This may include working for the possessor of the contract. Those without contracts were typically poor with few livestock, or recently married.⁶⁴) A study of the Ugtaal and Gurvansaikhan regions concluded that the poorer herders usually ended up with the worse quality pastureland.⁶⁵

Pasture management problems cited by local officials include: overstocking; boundary conflicts with neighboring *soum*; insufficient water sources or access to the sources; inability to migrate or receive migratory assistance; a shortage of herding

⁶¹ Fernandez-Gimenez, Maria E., and B. Batbuyan. "Law and Disorder: Local Implementation of Mongolia's Land Law." *Development and Change* 35.1 (2004): 148. *JSTOR*. Web. 13 Aug. 2010.

⁶² *Ibid.*

⁶³ *Ibid.*

⁶⁴ *Ibid.*

⁶⁵ Lise, W., S. Hess, and B. Purev. "Pastureland Degradation and Poverty among Herders in Mongolia: Data Analysis and Game Estimation." *Ecological Economics* 58.2 (2006): 363. *Sciencedirect.com*. Web. 15 Aug. 2010. <<http://www.sciencedirect.com/science/article/B6VDY-4H9YC89-1/2/6c95fbb42c09e3ee912876b4afc7cf48>>.

campsites; and illegal grazing in *soum* territory.⁶⁶

Bayan-Ovoo *Soum* officials note a decline in mobility amongst herders and in particular, transportation difficulties for the elderly. The loss of traditional customs and respect for authority are blamed for the disoriented pasture-use patterns.⁶⁷ It has become apparent that the local governments are not aware of their own authority capabilities. Despite the written laws, local authorities did *not* believe in their ability to: 1) inform herders when and where to migrate; 2) create and maintain reserve pastures to manage over-use; 3) award possession contracts to groups or individuals; or 4) regulate the number of livestock.⁶⁸

Restriction of Land Resource Consumption and Exchange

Open access grazing has been detrimental to resource consumption and access to natural capitals of the lack of governance. Prior to the transition, the Mongolian government was estimated to own 75 percent of the land. Due to contrasts with the cultural nomadic lifestyle, which required seasonal migration of herds in order to reach good foliage and access water, only land in urban areas and arable land were to be privatized.⁶⁹ The new Mongolian constitution of 1992 guaranteed the freedom to choose a place of residence.⁷⁰ Many herders view this as a form of privatization, particularly due to criteria such as prior ownership. Apathy and disincentive to protect communal resources have permitted many of the wells and trekking paths previously utilized by

⁶⁶ Fernandez-Gimenez, Maria E., and B. Batbuyan. "Law and Disorder: Local Implementation of Mongolia's Land Law." *Development and Change* 35.1 (2004): 153. *JSTOR*. Web. 13 Aug. 2010.

⁶⁷ Ibid.

⁶⁸ Ibid 157.

⁶⁹ Nixon, F. I., et al. *The Mongolian Economy: A Manual of Applied Economics for a Country in Transition*. Cheltenham UK: Edward Elgar, 2000: 55.

⁷⁰ Janzen, Jorg. "Mobile Livestock-Keeping in Mongolia: Present Problems, Spatial Organization, Interactions between Mobile and Sedentary Population Groups and Perspectives for Pastoral Development." *Senri Ethnological Studies* 69 (2005): 69. *CiNii*. Web. 12 Aug. 2010. <<http://ci.nii.ac.jp/naid/110004449219/en>>.

resources have permitted many of the wells and trekking paths previously utilized by collectives to fall into disrepair and disappear over time. This leaves little incentive for herders to migrate in these directions, as the resources are no longer useable and not necessarily worth the time or money for an individual to fix.⁷¹

The dismantling and disrepair of communal resources has affected the herders' ability to protect their livestock during particularly harsh winters (known as *dzud*). Because they often cannot gain the financial assistance necessary to purchase resources with which to build a shelter, the herders are unable to shield livestock from blizzards or freezing rain. Approximately 300,000 livestock died from harsh weather in December 2009 alone.⁷² Those who are able can purchase livestock insurance from the World Bank, which protects against *dzud*, but this can be difficult for the poorest. The insurance program began in three *aimags* in 2006 and will soon expand;⁷³ only 15,000 families had the insurance in 2010.⁷⁴ This is an incredibly small number considering approximately half of the population lives in the rural sector.⁷⁵

⁷¹ Janzen, Jorg. "Mobile Livestock-Keeping in Mongolia: Present Problems, Spatial Organization, Interactions between Mobile and Sedentary Population Groups and Perspectives for Pastoral Development." *Senri Ethnological Studies* 69 (2005): 77. *CiNii*. Web. 12 Aug. 2010. <<http://ci.nii.ac.jp/naid/110004449219/en>>.

⁷² "World Bank Project Assisting the Plight of Mongolian Herders." *Ubpst.mongolnews.mn*. The UB Post, 26 Feb. 2010. Web. 12 Sept. 2010. <http://ubpost.mongolnews.mn/index.php?option=com_content&task=view&id=4451&Itemid=39>.

⁷³ "Protecting Mongolian Herders Against Livestock Losses." *World Bank Group*. 2 Mar. 2010. Web. 19 Aug. 2010. <<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/MONGOLIAEXTN/0,,contentMDK:22485933~menuPK:327714~pagePK:2865066~piPK:2865079~theSitePK:327708,00.html>>.

⁷⁴ "World Bank Project Assisting the Plight of Mongolian Herders." *Ubpst.mongolnews.mn*. The UB Post, 26 Feb. 2010. Web. 12 Sept. 2010. <http://ubpost.mongolnews.mn/index.php?option=com_content&task=view&id=4451&Itemid=39>.

⁷⁵ International Fund for Agricultural Development. "Rural Poverty in Mongolia." *Rural Poverty Portal*. Web. 12 Aug. 2010. <<http://www.ruralpovertyportal.org/web/guest/country/home/tags/mongolia>>.

Many herders oppose leasing contracts because it is deemed a form of privatization. While mobility amongst poorer herders has increased, this is due only to their inability to acquire land and consistent grazing grounds. Many herders will graze livestock in neighboring *soums* if they are unable to obtain land. Non-residents are legally required to pay a fee for pasture use, but there are no instances in which fee collection has been recorded.⁷⁶ (As mentioned earlier, there is no incentive to abide by grazing customs or policies, unlike in the *negdel* era, when herders were met with fines.) Biased distribution of campsite leases to wealthy households negatively impacts the sustainable livelihoods of poorer herders. Any possibility of coordinated pasture use is all but halted if a household in possession of a land contract refuses to cooperate with migrating herders.⁷⁷

Land Law specifies that certain types of land, including water sources in pastures and salt lick areas, shall be reserved for common use regardless of land allocation. This leaves unclear exactly whose rights are being protected: the rights of all herders to use resources or the rights of the herders who lease the land to protect the resources for their herds.⁷⁸ Some herders are taking a different approach, attempting to build social capital in order to survive. One herder noted that allowing other families to access his land and resources in difficult times is mutually beneficial, since they are willing to return the favor when he is in need.⁷⁹ He held firm that privatization would only serve to destroy cultural and social capital. He said, "[I]and possession will bring disputes, and problems

⁷⁶ Fernandez-Gimenez, Maria E., and B. Batbuyan. "Law and Disorder: Local Implementation of Mongolia's Land Law." *Development and Change* 35.1 (2004): 154. *JSTOR*. Web. 13 Aug. 2010.

⁷⁷ *Ibid* 151.

⁷⁸ *Ibid* 163.

⁷⁹ *Ibid* 156.

for the administration...if another family wants to move to my place when it is better here, I cannot deny it."⁸⁰ Privatization, providing land titles and scheduling are impossible due to the inconsistency of forage for grazing due to irregular growth, the herder argued. Seasonal pastures may not be prepared for grazing when it is needed, making access to a variety of grazing areas necessary for survival.⁸¹

Migratory Pattern Shift

Migration is essential for herders to access natural capital. The inability to migrate can have detrimental effects on the herd. Forcing herds to graze in pastures that are not appropriate for the livestock composition can decrease their health⁸² and value, preventing herders from receiving full market value. Small livestock numbers make it nearly impossible to migrate without assistance, in part because the composition of livestock (i.e. goats versus camels) prevents the transport of *ger's* (migratory housing) or other assets. Trading livestock for travel assistance may not be an option depending on consumption and production needs. Poorer herders are also less likely to have access or resources to build seasonal livestock shelters.⁸³ Herds can easily be lost in natural disasters, harsh winters or through poor management skills of inexperienced herders. Poor households may have no choice but to consume their livestock if conditions are dire enough.⁸⁴ The inadequate amount of droppings produced by small herds to be burned for warmth and cooking during harsh winters may also prevent

⁸⁰ Fernandez-Gimenez, Maria E., and B. Batbuyan. "Law and Disorder: Local Implementation of Mongolia's Land Law." *Development and Change* 35.1 (2004): 156. *JSTOR*. Web. 13 Aug. 2010.

⁸¹ Ibid.

⁸² Pomfret, Richard. "Transition and Democracy in Mongolia." *Europe-Asia Studies* 52.1 (2000): 153. *JSTOR*. Web. 6 Aug. 2010. <<http://www.jstor.org/stable/153756>>.

⁸³ Fernandez-Gimenez, Maria E. "Sustaining the Steppes: A Geographical History of Pastoral Land Use in Mongolia." *Geographical Review* 89.3 (1999): 316. *JSTOR*. Web. 4 Aug. 2010.

⁸⁴ Griffin, Keith. *A Strategy for Poverty Reduction in Mongolia*. Rep. UNDP, July 2001. Web. 8 Aug. 2010.

migration and cause herders to seek assistance from wealthier herders or social networks in urban centers for cooperative living.

Herders tend to adjust livestock patterns to access natural resources, choosing to remain in close vicinity of water or types of forage. (With adequate snowfall, patterns of migration are not dependent on water sources, since livestock will drink the snow.) Camels and yaks are kept for the transportation of assets.⁸⁵ Few herders can afford pack animals, which are more expensive than other livestock. The inability to migrate due to small herd size resulted in many families being forced to remain in or travel to shantytowns or the capital city in order to participate in the informal job sector offered in urban areas, including gypsy cab drivers and black markets. This leaves the livestock free to roam and consequently overgraze the limited grassy areas in the city, suburbs and nearby towns. In fact, livestock numbers in urban areas jumped 80 percent higher than in 1990⁸⁶, another indication of the wave of rural to urban migrants (See Table 1).

Migratory patterns grew smaller as different political influences occupied Mongolia. With each shift, "movements became more rigid, allocation of pasture was more closely controlled, tenure became more exclusive, and the gap between formal and informal regulation of resource-use widened."⁸⁷ (See Illustrations 1-3.) The illustrations of herder movement provide a glimpse into the restriction of cultural norms and natural

⁸⁵ Janzen, Jorg. "Mobile Livestock-Keeping in Mongolia: Present Problems, Spatial Organization, Interactions between Mobile and Sedentary Population Groups and Perspectives for Pastoral Development." *SENRI ETHNOLOGICAL STUDIES* 69 (2005): 79-80. *CiNii*. Web. 12 Aug. 2010. <<http://ci.nii.ac.jp/naid/110004449219/en>>.

⁸⁶ Fernandez-Gimenez, Maria E., and B. Batbuyan. "Law and Disorder: Local Implementation of Mongolia's Land Law." *Development and Change* 35.1 (2004): 167. *JSTOR*. Web. 13 Aug. 2010.

⁸⁷ Fernandez-Gimenez, Maria E. "Sustaining the Steppes: A Geographical History of Pastoral Land Use in Mongolia." *Geographical Review* 89.3 (1999): 316. *JSTOR*. Web. 4 Aug. 2010.

resources that may lie beyond the scope of migratory patterns, including access to better grazing grounds and the ability for seasonal pastures to replenish over a short period of time. No illustration has been provided for current migratory patterns, as none exist.

Restricted Social Opportunities

Again, we see through the inability to develop economic facilities the subsequent inability to access social opportunities. Having access to healthy, seasonal pastureland could assist in the herders' ability to breed and sell healthy livestock and build a larger herd over time. Obtaining the permission and resources to maintain communal resources, such as water wells and livestock shelter, would also promote health and safety of the herds during harsh winters and assist the herders in migration. Healthier livestock promotes an increase in their numbers and the herders' ability to sell them for a higher value. This in turn provides opportunities to earn greater income and hire help in order to allow their children an education instead of a farm life, thus promoting a shift in values.

Very different opportunities arose for wealthier herders than for poorer herders, causing their grazing patterns to vary due to access to resources and ability to migrate. Consequently, grazing grounds have deteriorated in some areas, while other areas remain untouched for reasons that range from lack of access to natural resources such as water or migration services.⁸⁸

Environmental Effects of Poor Governance

Privatization of the rural sector and open access grazing has also had detrimental effects on the environment. Most ministry officials have knowledge of specific environmental conditions, but acknowledge that there is little research on the carrying

⁸⁸ Mearns, Robin. "Decentralisation, Rural Livelihoods and Pasture-Land Management in Post-Socialist Mongolia." *European Journal of Development Research* 16.1 (2004): 141. Web. 12 Aug. 2010. <pdf.wri.org/eea_decentralization_ejdr_final_chap8.pdf>.

capacity of pastures based on actual forage measurements. Officials of the Ministry for Nature and Environment (MNE) blame mining for loss of pastureland, while officials from the Ministry of Agriculture and Industry (MAI) cite the creation and expansion of protected areas as a reason for diminishing pasture resources.⁸⁹ Land degradation does exist, but not due to a "tragedy of the commons" as some might theorize: poverty is the main cause of overgrazing on communal lands near urban centers in Mongolia, and is a result of unequal distribution of livestock and failure to replace resources lost through dismemberment of collectivized herding during the transition. It is not overpopulation but uneven livestock distribution near cities and water sources that causes land degradation.⁹⁰

According to Mearns "...pastoral land use is characterized more by a breakdown in established coordination norms, owing to a dramatic rise in the number...of herders combined with the near absence of public support in areas critical to the security and sustainability of their livelihoods."⁹¹ The lack of infrastructure contributes to the herders' tendency to stay close to urban areas.⁹² Overall grazing intensity is less today due to the loss of communal resources that would sustain grazing in more remote regions. Overgrazing generally occurs close to cities and urban centers due to the need for herders to capitalize on secondary, seasonal and informal jobs, and is in response to poor governance and incentives to remain sedentary near urban areas, not "over-capacity".⁹³

⁸⁹ Mearns, Robin. "Decentralisation, Rural Livelihoods and Pasture-Land Management in Post-Socialist Mongolia." *European Journal of Development Research* 16.1 (2004): 135. Web. 12 Aug. 2010. <pdf.wri.org/eea_decentralization_ejdr_final_chap8.pdf>.

⁹⁰ Fratkin, Elliot. "Pastoralism: Governance and Development Issues." *Annual Review of Anthropology* 26 (1997): 242. *JSTOR*. Web. 5 Aug. 2010.

⁹¹ Ibid.

⁹² Nixon, F. I., et al. *The Mongolian Economy: A Manual of Applied Economics for a Country in Transition*. Cheltenham UK: Edward Elgar, 2000: 161. Print.

⁹³ Griffin, Keith. *A Strategy for Poverty Reduction in Mongolia*. Rep. UNDP, July 2001: 86-7. Web. 8 Aug. 2010.

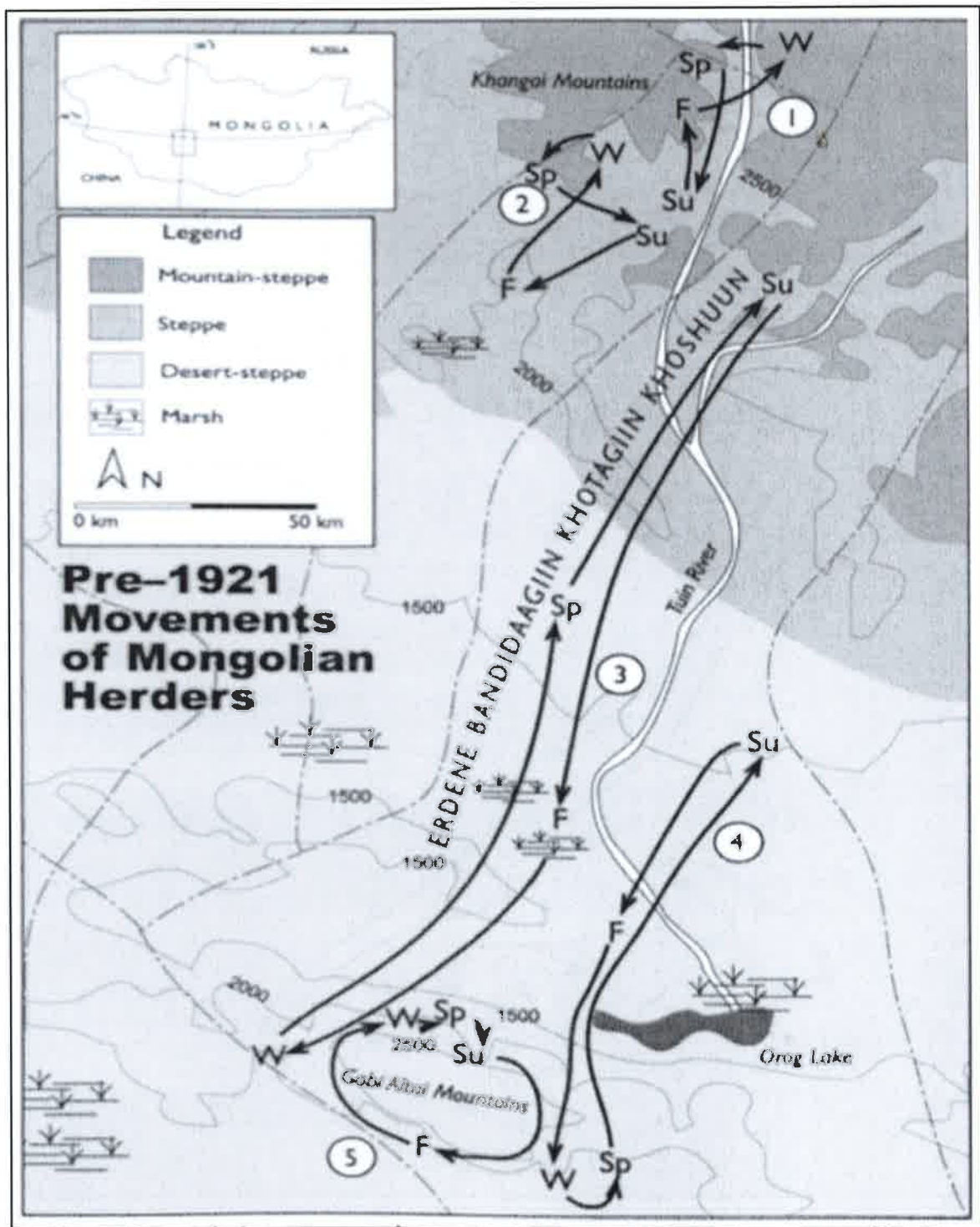


Illustration 1: Pre-1921 Movements of Mongolian Herders.⁹⁴ Note the four arrows, which represent the four seasonal pastures, and the length of the treks.

⁹⁴ Fernandez-Gimenez, Maria E. "Sustaining the Steppes: A Geographical History of Pastoral Land Use in Mongolia." *Geographical Review* 89.3 (1999): 325. JSTOR. Web. 4 Aug. 2010.

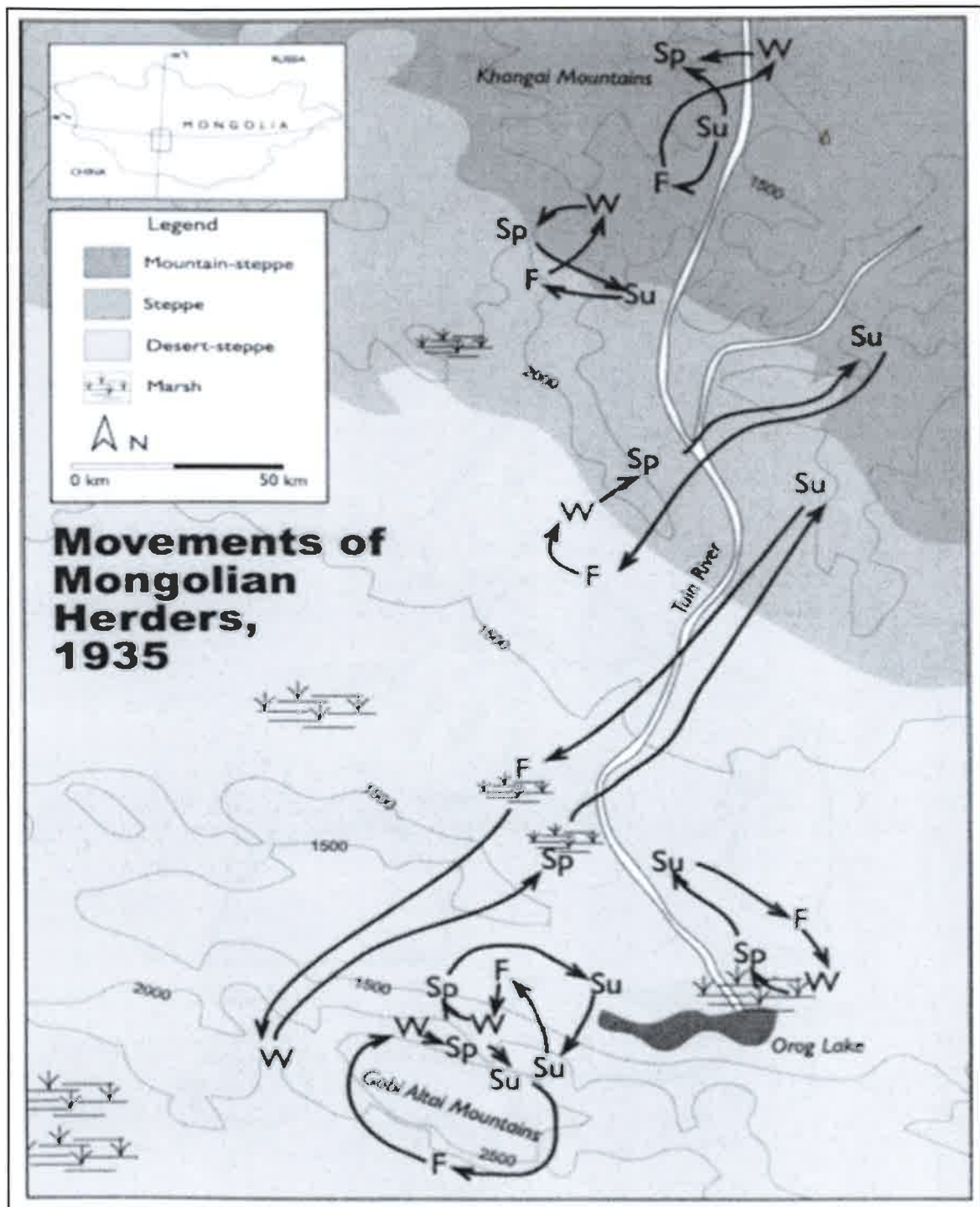


Illustration 2: Movements of Mongolian Herders, 1935.⁹⁵ Note the change in patterns and the division of the pattern across the River Tuul.

⁹⁵ Fernandez-Gimenez, Maria E. "Sustaining the Steppes: A Geographical History of Pastoral Land Use in Mongolia." *Geographical Review* 89.3 (1999): 328. JSTOR. Web. 4 Aug. 2010.

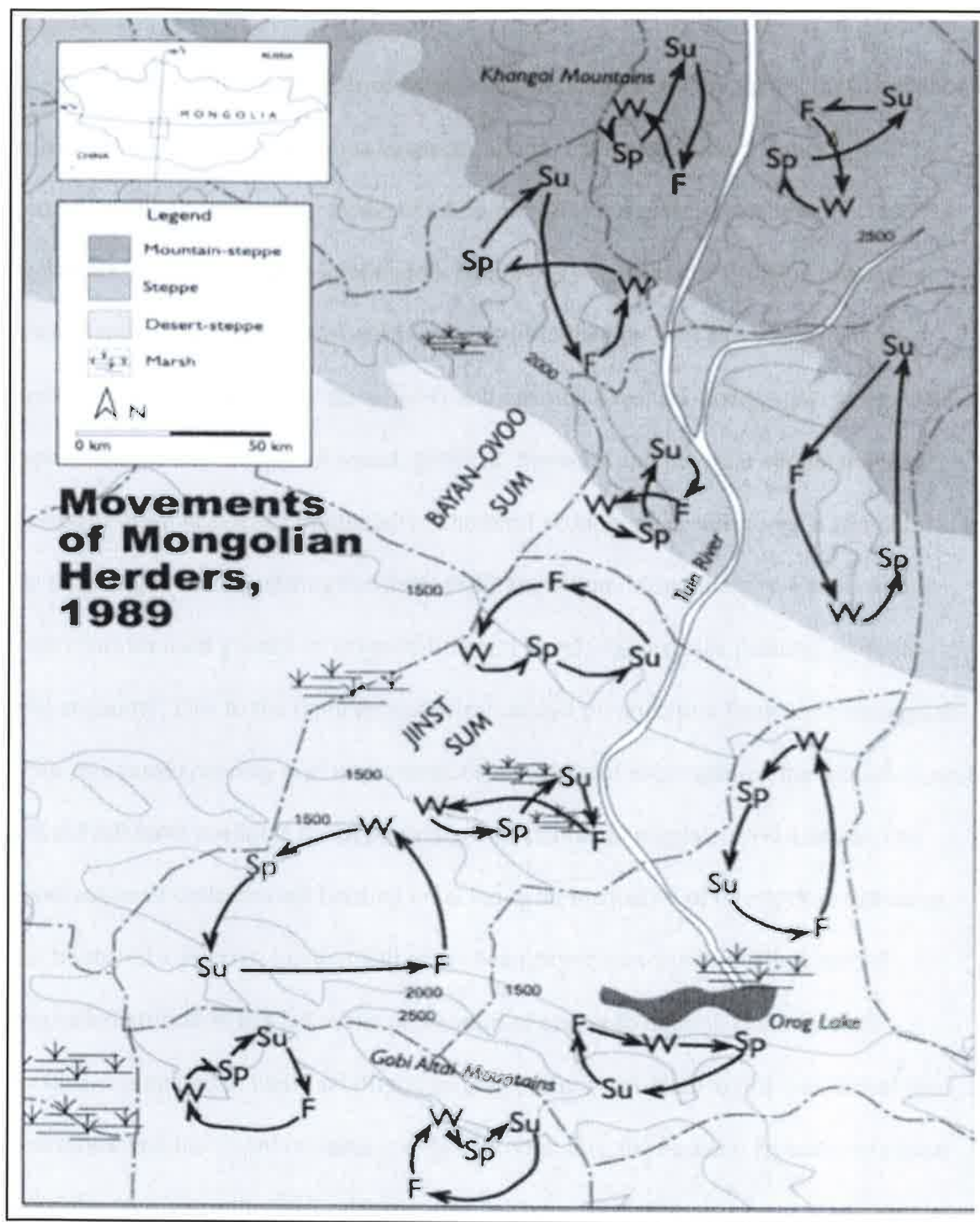


Illustration 3: Movements of Mongolian Herders, 1989.⁹⁶ Note the significantly smaller migratory patterns, none of which now cross the River Tuul. These patterns were coordinated by Soviet *negdels*.

⁹⁶ Fernandez-Gimenez, Maria E. "Sustaining the Steppes: A Geographical History of Pastoral Land Use in Mongolia." *Geographical Review* 89.3 (1999): 336. JSTOR. Web. 4 Aug. 2010.

Conclusion

Assuming the rural sector of Mongolia can be measured by values they don't hold (at least currently) is as erroneous as assuming the rural sector would flourish when ignored during the transition. Understanding the values of a society is the first step to determining changes in their livelihoods. Bruun aptly states that, "for rural Mongolia, shock therapy... provided decisive shocks, but little therapy".⁹⁷ The shocks that accompanied privatization of the *negdels* and unequal livestock distribution were also responsible for the collapse of social, political, financial and physical capital that had previously been provided communally. The rural economy has suffered a severe blow due to poor governance during the democratic transition. Mongolia's recent economic history has focused greatly on urbanization and largely ignored the pastoralists in the rural economy. Due to the rapid decentralization and privatization from 1986 through the 1990s, the rural economy was unprepared for shocks that accompanied the transition, and thus did not have available the appropriate frameworks to regulate privatization. The privatization of collectivized herding units led to an inequality of livestock distribution, which created a poverty gap that had never been experienced previously. Unequal livestock distribution has led to the prevention of access to natural, financial, and physical capital due to their inability to migrate, afford materials to provide shelter for themselves and their herd or access credit. Through this, the herders' freedom to obtain economic facilities and social opportunities has been restricted.

⁹⁷ Bruun, Ole. *Precious Steppe: Mongolian Nomadic Pastoralists in Pursuit of the Market*. Lanham, MD: Lexington, 2006: 170. Print.

The means by which the *negdels* were privatized significantly reduced resource consumption, as many of the herders were ignorant of how to gain capital and livestock and how distribution should have occurred. Poor governance in distribution and social safety nets led to high vulnerability to natural hazards.⁹⁸ Few regulators of open access grazing and lease implementation understand their own powers under the Land Law, or policies and restrictions they are allowed to implement in order to govern. Herders continue to disagree with the privatization of grazing grounds, including the leasing of land, the tenure of which is decided in a biased manner. Unlike some may think, open access grazing has not led to a "tragedy of the commons" due to rational individual decisions concerning the use of resources, but because poor herders have been unable to move in order to preserve grazing pastures.

Due to poor governance, herders lack access to social opportunities and economic facilities, living standards diminished as the government failed to incorporate the rural sector into market-based reforms.⁹⁹ The loss of freedoms and access to capitals has clearly shown how the rural sector has declined since Mongolia's transition to a free market economy. Sen notes in his framework that a society cannot develop unless they are able to participate freely in the development of their own livelihoods. Unfortunately, the herders' "freedoms" have been restricted due to poor governance, a policy orientation that has yet to be rectified.

⁹⁸ Janzen, Jorg. "Mobile Livestock-Keeping in Mongolia: Present Problems, Spatial Organization, Interactions between Mobile and Sedentary Population Groups and Perspectives for Pastoral Development." *Senri Ethnological Studies* 69 (2005): 69-70. *CiNii*. Web. 12 Aug. 2010. <<http://ci.nii.ac.jp/naid/110004449219/en>>.

⁹⁹ Pomfret, Richard. "Transition and Democracy in Mongolia." *Europe-Asia Studies* 52.1 (2000): 151. *JSTOR*. Web. 6 Aug. 2010. <<http://www.jstor.org/stable/153756>>.