



Response to PacNet #82 – For Mongolia, Two Symbolic Steps in the Wrong Direction

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On Dec. 6, 2012 Mongolia's Cabinet ministers attended a meeting with the members of the National Security Council where they were informed of the Council's views regarding the management of \$1.5 billion brought in by a recent sale of the government's first international bond. All talk in town on that day was about this foray into global capital markets, the "responsible" use of the proceeds, and their timely and full repayment. Also on Dec. 6, the country was absorbing news that in the 2012 Corruption Perception Index (CPI) released the day before by Transparency International, Mongolia moved up from 120th place in previous rankings to 94th place. These were two major headlines of the day.

And what, on that same day, does Mr. Jeffrey Reeves choose to highlight as "two recent developments in Mongolia [that] provide insight into the country's political and economic development"? A court case against a former president which is hardly a recent development, and – seriously? – the removal of a Lenin statue in Ulaanbaatar, a 'worrying' development, according to Reeves, but really a non-development. The author deems these two "instances" to be "important indicators of Mongolia's national development." But he fails to offer a grounded critique of the country's development-related policies; instead it seems to be a simplistic indictment of Mongolia that brushes aside the many real problems confronting this country.

To start with the statue, how its removal is related to national development is a mystery to me but one could look at it this way: Lenin, founding father of the communist system, lost out to Chinggis Khaan, founding father of the nation. Except for a few posts confounding Russia and Lenin, no "emotional response" to the event has been apparent.

Mr. Reeves' article notes that crime was "almost nonexistent under the communist system." Tens of thousands of innocent people summarily executed, not a crime? Besides, as is known, having crime go unreported or under-reported was not uncommon under communism.

The country's social gains and "impressive economic growth" alluded to in the article were all underwritten by the Soviets and the COMECON. The country was sent reeling when this funding disappeared with the demise of the old system in Russia and elsewhere. Contrary to what the piece seems to suggest, nobody in the early 1990s set out to willingly destroy the previous achievements, nor would everything have been preserved had the country stayed true to Lenin. Regarding literacy: with a mere 98 percent literacy rate

Mongolia would surely want to catch up to North Korea's impressive 100 percent, but not by sacrificing its democratic gains.

Mr. Reeves portrays Mongolia as a "state devoid of political accountability and rule of law." If elections are any indication, political accountability is exercised in Mongolia. Just this past summer, the people voted out the party in power and voted in a new government. In local elections this fall, incumbents lost in the majority of localities, the first such occurrence in 90 years. And the ongoing reform of law enforcement and the judiciary just may result in a strengthened rule of law, after long years of neglect. It so happens that the "ineffective government" engaged in "window dressing," "unwilling to accept responsibility for the country's growing social needs" is only 100 days old. The jury is still out on its ineffectiveness or irresponsibility, or disrespect for the rule of law.

Corruption has developed into a serious illness in Mongolia, as rightly noted in the article. In the 2000s, graft was entrenched. The country's improved CPI is, of course, about perception, but perception must be based on tangible things, the former's president's case being the last of them. The tightening of the legislation, including the passage of a conflict of interest law, may have been a more significant factor. And it will be a more enduring one in that it creates institutional and legal barriers preventing ventures into unscrupulous behavior. It is true that successive governments have been, for far too long, "not interested in dealing effectively with corruption." The question is, will its anti-corruption efforts, led by the country's new minister of justice, be sustained and yield results in the face of unprecedented mining revenues that could and, probably, will serve as a temptation for many? And might these efforts succumb to the supposedly "endemic" nature of corruption in Mongolia? The answer is, it is an either/or proposition: it is either corruption or development.

The immediate and long-term problems facing the country do not stop here. I could not agree more with Mr. Reeves that successive Mongolian governments have indeed neglected "the country's growing social needs." Its much touted double-digit growth failed to translate into a reduction of poverty. While the rich were busy getting richer, some on public or aid money, the poor were getting poorer, and the ranks of the unemployed kept growing. Government ineffectiveness is also to be blamed for delayed investments in infrastructure, including power generation. No wonder the populace aspired for a change.

The self-described "government of change" now in charge will have to deliver. Its biggest task will be to manage the country's inevitable transition from an agriculture-based economy to a mining-based one while avoiding all the

associated social, environmental, and political pitfalls. Will Mongolia be all about mining, or will it build a more diversified economy, a more equitable and sustainable society, and become a more respected partner internationally? The answers will depend to a great degree on the decisions taken today.

To conclude: While Mr. Reeves' interest in Mongolia is greatly appreciated, the last thing this country needs is to be dragged backward. Over two decades ago it bid goodbye to Lenin and never looked back. Mongolia has moved on, learned to value the freedoms of a democracy and is now busy figuring out its future trajectory, amid a host of challenges.

Jeffrey Reeves (reevesj@apcss.org) responds:

Ms. Tuya's critique of my PacNet piece is made against a straw man, not the piece itself.

My original piece raised two points. First, I argued that the corruption case against former President Enkhbayar demonstrates the politicization, weakness, and selective use of the rule of law and anti-corruption investigations in Mongolia. These issues are front and center in the debate over Mongolia's political development. Enkhbayar was, after all, sentenced to two and a half years in prison on Dec. 7, 2012.

Ms. Tuya claims that the jury is still out on [the new government's] ineffectiveness or irresponsibility, or disrespect for the rule of law'. While I take her point regarding the new government, my criticism is of the politicians and political institutions that have been in place for more than two decades. If the Enkhbayar case is any indication of the new government's priorities, I cannot say I have much hope the future will be different.

While Ms. Tuya does provide Mongolia's move from 120th to 94th place in the CPI as evidence of improving corruption, the Transparency International (TI) changed its methodology in 2012 and warned of the impossibility of year-on-year comparisons. The CPI has to be read in this context, particularly as there is little evidence of a seismic change in Mongolia's endemic corruption that would otherwise explain the change in ranking.

My second point relied on the symbolism of a statue of Lenin. In drawing attention to the Lenin statue I sought to examine the Mongolian government's approach to post-Cold War social development, not critique Ulaanbaatar's city planning.

My argument here was that no Mongolian government since the country's transition to democracy and a liberal economy has been able to match the social development milestones the country achieved under communism. Nowhere did I argue that anyone 'set out to willingly destroy the previous achievements.' Instead, I argue that no meaningful effort has been made to reproduce them, despite Mongolia's impressive economic growth. This includes the country's oft-lauded Human Development Fund, which both the World Bank and IMF have criticized as being a political tool for incumbents to buy support.

I am not alone in seeing this as a failure in government responsibility. A Dec. 10, 2012 report on Mongolia from UN

Special Rapporteur on Extreme Poverty and Human Rights, Magdalena Sepúlveda, confirms this view. In her report, Ms. Sepúlveda specifically notes that the Mongolian government has not done enough to translate the country's newfound affluence into improved social institutions such as education, health, and housing. If Ms. Tuya truly believes poverty is one of Mongolia's greatest development challenges, a point I happen to agree with, she must also agree that such findings are extremely disturbing.

Ms. Tuya raises the management of Mongolia's first international bond as a sign of Mongolia's progress. While this is an accomplishment, there is a larger story here. One week after its initial sale, the bond plunged \$7-8 amid news that the MPRP ordered all its members holding ministerial posts to resign (thereby threatening the Justice Coalition). The cause? The MPRP was protesting Enkhbayar's imprisonment. I'm not the only one who thinks his incarceration is an important issue.

I concede to Ms. Tuya's point that Mongolians have a cosmopolitan view of the world (a point I never challenged). Yet I disagree that this world view is limited to support for democracy and a liberal economic system. The Mongolians I know also look at states like China, South Korea, Japan, and Singapore – states where the government takes a central role in providing social services – as potential political and economic models.

As a final point, my referral to 'crime' in the original piece was clear in its reference to street crime. I was, after all, comparing Mongolia during the Cold War to Mongolia post-Cold War, noting the situation now is worse than before.

PacNet commentaries and responses represent the views of the respective authors. Alternative viewpoints are always welcomed.

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