

Chapter 1

The Challenges Never End: Managing Economic, Political, and Environmental Concerns During a Period Of Rapid Change

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Editor's introduction: Ambassador Addleton's contribution takes a broad perspective on key interrelationships between Mongolian environmental issues, economic growth, and political development. His paper contextualizes the great growth and economic contribution of mining in contemporary Mongolia by noting the environmental challenges of climate change, the threat of overgrazing associated with pastoral livelihoods, and issues of water management – in addition to the impact of mining per se. Stressing the accomplishments of Mongolian political development and also the challenges that it now faces, Dr. Addleton suggests that rapid change and economic growth in Mongolia accentuate the stresses that accompany the country's highly successful political and economic transition. He emphasizes that this is an expected and ongoing process, and that it puts a premium on decision-making by the Mongolian populace among an increasingly diverse and complex array of possibilities and choices. A PhD graduate as well as an American government official, Dr. Addleton was an active participant throughout the conference in addition to presenting opening remarks and also presenting a full written paper. The present contribution is abridged with U.S. government authorization from his longer written remarks.

Thanks for the opportunity to provide some brief reflections on a topic that is both broad and expansive – “Mining, Political Economy and Environmental Sustainability.”

International experience strongly suggests that mineral rich economies face enormous challenges. Some countries offer a “positive” example of the response to these challenges, other countries a more “negative” one. Policymakers in this country are already to some extent familiar with some of the relative “success stories”, including Norway, Botswana and Chile. Other, larger countries which perhaps also offer useful “lessons learned” for Mongolia include Canada and Australia.

Among other things, these relatively positive examples highlight the importance of investments in both education and good governance; the need to address corruption concerns; the utility of putting aside monetary proceeds when commodity prices are high in anticipation of those periods when commodity prices inevitably decline; the importance of investments in infrastructure; and the usefulness of promoting economic diversification as a way to avoid a one dimensional, commodity-only economy.

Beyond that, international experience suggests that transparency as well as a system of “checks and balances” can be very helpful as mineral rich economies make both political and economic decisions that help shape the future.

Mongolia’s advantages when facing the challenges of managing a resource rich economy and the sudden financial wealth that it can bring includes the country’s high rate of literacy; the significant involvement of women in most if not all aspects of society; and the recognition that international experience is indeed relevant for Mongolia.

At least in theory, an effective parliamentary system can also help address concerns over “checks and balances,” providing a forum in which many Mongolian voices are heard, not just those with the most money or power or influence. For this reason, discussions in this conference on how parliament operates, what it takes to become an MP and how election systems work in practice are certainly both important and useful.

One goal of the international community in Mongolia is to make some of this international experience available to Mongolia – while recognizing that, ultimately, it is Mongolians themselves that will have to make their own decisions regarding their own future.

As regards the environmental dimension of Mongolia's development, I would provide a few illustrative suggestions that may be helpful when addressing this issue.

First, while environmental issues connected with mining are certainly a concern, it is by no means the only one.

Quite apart from mining, global climate change could well have a significant impact.

And, even in the absence of climate change, a case could well be made that the pressures of growing herds of livestock on the Mongolian steppe could already be having a long-term environmental impact at least as great as that made by the Mongolian mining sector.

I wouldn't presume to suggest what is the "right" number of livestock for ensuring that Mongolia's grasslands are maintained and sustained. But I would certainly argue that the environmental impact of rangeland management is an important concern, at least as important as the environmental regulation of Mongolia's mining sector.

Third and finally, whether involving small projects or large projects, in my view the water issue looms especially large in Mongolia as an environmental issue – not only in the mining sector but in other sectors as well.

Put another way, the blue sky above Mongolia may indeed be eternal – but that is not necessarily the case with Mongolia's blue lakes, blue rivers and blue streams or, for that matter, the blue aquifers beneath the surface of the land.

In the remaining moments of my time, let me briefly state why I framed my remarks at the outset within the context of the phrase "The Challenges Never End."

Looking back on the various critiques of what has happened in Mongolia during the last twenty years, it sometimes seems to me as if at least some observers somehow imagine that there is a point when Mongolia reaches a place that might be described as “policy heaven” or “social nirvana,” as if following a certain set of principles at one point in time will inevitably led to a clear, perfect and final destination.

In reality, of course, the quest for the perfect set of policies is a never-ending and often messy journey; indeed, once one set of policy objectives is reached after much labor and hardship, a whole new set of challenges will inevitably emerge.

Increasingly, I have come to think that for Mongolia – and perhaps for any country in Mongolia’s position – the more successful it is, the harder it gets.

Certainly this generation of Mongolians faces a broad set of challenges, including the reality that Mongolia is in many ways becoming a more complicated and complex place for any number of reasons.

One reason is of course the added stakes that come into play with added wealth. Beyond that, though, there is the fact that Mongolia is becoming a more complicated place because individual citizens increasingly have the ability to choose from among a broad range of choices, not just one or two. Not surprisingly, sometimes these choices conflict with each other, highlighting the importance of both good governance and an effective judiciary.

More broadly, for individual Mongolians as well as for Mongolian society, the decision-making process never ends – success in one area of decision-making will simply lead to new challenges as well as new and more complicated decisions that will have to be made.

At some level, the dilemma that Mongolia faces is this: every time individual Mongolian citizens or the government writ large believes that it has “surmounted” one specific set of obstacles, a new set of challenges emerge.

Sympathetic foreigners – whether they are here in Mongolia as tourists, academics, researchers, businessmen, aid workers or diplomats such as myself – may offer useful advice from time to time. However, for Mongolians who live here, the story is of course a longer and much more complicated one, spanning several generations as decisions made now affect what happens to generations yet to be born.

Viewed through this lens, I would say that the three themes of this conference – “economic aspiration, political development and cultural identity” – become more important than ever.

Indeed, none of these themes can truly be “resolved” or “addressed” in isolation. On the contrary, they are closely linked and changes and challenges in any of these areas in turn affect and shape the other ones.

Hopefully, the analysis and reflections at events like this will enrich the discussion within Mongolia as it moves forward during a period that will almost certainly be marked by both incredible challenge and incredibly rapid change.