Economic Background of Political Destiny

This presentation will discuss Mongolia’s economic situation, development and setbacks it faced in the last 20 years, the ways its public policies have corresponded with and complemented – as well as opposed and challenged – the country’s democratic changes.

On the Freedom House map Mongolia looks just like a single green island in the middle of a wide sea. What were the under lying reasons that led the Mongolians, living in the heart of Eurasian mainland surrounded by mostly non-democratic countries, long for democracy and freedom and be able to succeed in the past years?

Researchers have identified many factors that facilitate emergence, maintenance and further strengthening of democracy, or its regress and collapse. Researchers who searched for similar factors endemic to Mongolia have offered interesting observations; some of them even assessing Mongolia as ‘the least likely place’ for democracy to flourish.¹ Indeed, in the 1990s Mongolia lacked many of the foundational factors considered as a necessary precondition for democracy. One of them was the economic factor.

Political scientists claim that expansion of a middle class and increase of the real income of population are necessary conditions for democratic win and exist. But in the 1990s, when democratic changes were unfolding in Mongolia, unemployment and poverty were among the most pressing issues in this country. Still today Mongolia is facing widespread poverty with one in every one in three persons earning below minimum wage level. This dissonance between economic background and level of democratic development continues fascinating international researchers.

Throughout the last decade Mongolia has seen most rapid development of its mining sector against the backdrop of global shrinking of energy sources and increase of mineral use. Mongolian government, international and domestic investors are heavily focusing on this sector. Plethora of international cases demonstrate danger of rising corruption, fall of democracy and domination of wealthy minority in countries with weak democratic institutions that rely on development driven by fast-paced exploitation of natural resources. And today Mongolia has moved too close to this situation.

Having created democracy under ‘the least likely’ conditions in the 1990s and having successfully sustained it for over 20 years despite all hardships and unexpected twists on the way, will Mongolians be able to prove this common trend obsolete and save and even strengthen its democracy and freedom? This is the question that fascinates everyone in Mongolia and beyond today.

Furthermore, political and economic competition in Mongolia has produced positive and negative outcomes, one of them being total dependence on welfare payments of the entire

¹ Fish, M. Steven (Michael Steven), Mongolia: Democracy Without Prerequisites. Journal of Democracy - Volume 9, Number 3, July 1998, pp. 127-141
country that is turning Mongolian into a ‘welfare nation’. Untargeted universal welfare policies are not only harmful for the country’s economic development but they also pose serious political risks.

In exploring these issues, the presenter will attempt to apply observations of comparative political scientists to Mongolian case.