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Beyond ‘Resource Nationalism’

A nasty bout of resource nationalism in Central Asia is worrying investors brave enough to invest in frontier markets. Mongolia and Kyrgyzstan are at it, with the Kyrgyz government this week announcing it has revoked 46 gold mining licences in what it calls an attempt to clean up the mining industry. At least none of the Kyrgyz licences are for the country’s major mining operations. The situation is different in Mongolia, which on April 16 suddenly suspended the mining licences of South Gobi Resources. (Watson 2012)

On 26 April 2012, the Financial Times published an article titled ‘Mongolia: Mine ownership gets political’, in which moves to restrict Mongolian resources to be solely available to national actors (that is, the suspension of international mining licences) were declared to be ‘a nasty bout of resource nationalism’. In the following years, many similar accusations emerged that painted Mongolians and the Mongolian state as ‘resource nationalist’ (e.g., Stanway and Edwards 2012; Els 2012; Cashell 2015; Genota 2017; Venzon 2018). For example, Jean-Sebastien Jacques, CEO of Rio Tinto, one of the world’s largest Anglo-Australian metals and mining corporation that owns 66 per cent of the Oyu Tolgoi (Turquoise Hill) gold and copper mine in Mongolia. In May 2018, after ‘the government ordered Turquoise Hill Resources, a subsidiary of . . . Rio Tinto, to pay $155 million in back taxes’, Jacques told investors at a conference: ‘A significant industry issue is resource nationalism’ (Venzon 2018). This rhetoric was amplified by the international press as well as some scholars. For example, following the classification of ‘resource nationalism’ introduced by Ian Bremmer and Robert Johnston (2009), Misheelt Ganbold and Saleem Ali argue that the ‘resource nationalism’
in Mongolia is ‘revolutionary’, which ‘is often expressed as public unrest that demands the transfer for natural resources from private owners to public coffers’ (Ganbold and Ali 2017, 1, 10). According to them, the impact of the type of ‘resource nationalism’ in Mongolia ‘tends to hinder profitability of the mineral projects’ and can create ‘a serious lack of confidence among investors’ and possibly a ‘diminution in foreign direct investment’ (10).

On the other side, many scholars reject the above use of the term ‘resource nationalism’. Rebecca Empson and Tristan Webb (2014), Jargalsaikhan Sanchir (2016), and Julian Dierkes (2016) all use the term ‘resource nationalism’ in quotes. Empson and Webb write that ‘resource nationalism’ is an ‘accusation’ (2014, 241, 247), while Sanchir and Dierkes find that the use of the term is a ‘designated’ (songomol) (Sanchir 2016, 55) ‘pressure’ (Dierkes 2016) tactic of transnational corporations and investors designed to influence the nation-state. Similarly, Orhon Myadar and Sara Jackson point out that ‘resource nationalism’ is often ‘used by those who promote neoliberalism and the open market as a pejorative label to silence public grievances’ (2018, 1). Some of these authors argue that it is not a nationalism but attempts to ‘balance competing responsibilities’ Empson and Webb (2014, 247) or to ‘control natural resources’ (Sanchir 2016, 55). Empson and Webb (2014, 247) suggest that ‘the charge of “resource nationalism” of Mongolia is perhaps an oversimplification of the drivers behind macro-economic and political decision-making in Mongolia. An alternative view of the “resource nationalism” accusation would be not, perhaps, a nationalist intent per se, but rather the outcome of the Government’s having to balance competing responsibilities across a spectrum of partnerships.’ To avoid such oversimplifications, Sanchir translates ‘resource nationalism’ to bayalgiin ündesnii khyanalt in Mongolian, which means ‘national resource control’. In its avoidance of an under-considered conflation of ‘resource control’ and ‘nationalism’, Sanchir’s translation and explanation of ‘resource nationalism’ is a sensible one. Therefore, I borrow his translation in this chapter to reveal the richness and complexity of matters that are often simplified by the use of the pejorative label ‘resource nationalism’.

The problems found with the term ‘resource nationalism’ can also be found elsewhere. John Childs (2016) and Natalie Koch and Tom Perreault (2018) problematise the neoliberal bias in the use of the term ‘resource nationalism’ and critique the narrowly defined reductionist framework of the concept in the fields of international relations, political science, applied economics, and business as a problem created more for neoliberal ideology than reality. Childs (2016, 530) notes that
the definitions of resource nationalism that follows is highly divergent, often contingent on political interests and conceptual biases’ and ‘it is also constructed in a number of different ways’. Then he warns that ‘resource nationalism should be not read as the simple opposite of familiar neoliberal imperatives of resource governance but as something which is always hybrid and in flux’ (2016, 530). Child’s account of ‘resource nationalism’ as ‘always hybrid and in flux’ is a description of a concept, rather than an existing phenomenon. It is an accusation levied at various parties at different times, so the exact content of the term is bound to change. For this reason, Koch and Perreault (2018, 15) suggest a ‘critical’ approach to ‘push debates beyond essentialist market- and state-based analyses of resource nationalism and to provide a far more nuanced approach to its various manifestations’. Taking this call into consideration, this chapter attempts to provide a far more nuanced approach to the concept as it manifests in Mongolia.

Following the above arguments developed by Childs and others, here I will treat ‘resource nationalism’ as a label and rhetorical or discursive device that describes some political processes and tactics aiming to control natural resources and to ensure Mongolia and its citizens receive their material benefits. The research materials that follow – which concern the resource economy in Mongolia – reveal a diversity of issues that lurks underneath the ‘resource nationalism’ tag which cannot be detached from different cultural and historical aspects that are classically associated with nationalism.¹ Considering those historical constructions and culturally specific ideas, such positions are not a ‘nasty bout of resource nationalism’; instead, they are predictable outcomes. My focus upon nationalist sentiments in phenomena described as ‘resource nationalism’ is different from those of Empson and Webb (2014), Sanchir (2016) and Dierkes (2016) who, as I mentioned before, do not explicitly examine nationalism in their discussion of ‘resource nationalism’. Rather, following Childs (2016) as well as Koch and Perreault (2018), my rejection of the use of the term ‘resource nationalism’ does not exclude an account of nationalist sentiments in the discourse and movements serving to control and protect natural resources.

Cultural and historical influences are often ignored in the existing literature on ‘resource nationalism’. Only few works mention the importance of such cultural factors. Koch and Perreault (2018, 2) note that ‘resource nationalism takes both political economic and cultural symbolic form, often in ways that are interwoven and mutually reinforcing’. In the case of Mongolia, Empson and Webb (2014, 233–4, 239) and Ganbold and Ali (2016, 10–11) underline the importance of
the cultural factors and provide some illustrations on how the ‘protective culture’ of mobile pastoralists in regards to their land and natural resources shapes this so-called ‘resource nationalism’. This chapter advances such an understanding of the protective culture of natural resources by shedding light on the (1) alternative cultural economy, (2) historical construction of the state control and protection of natural resources, and (3) political acts to balance contesting responsibilities and concerns. Thus, the following sections will explain why and how the Mongolian state and people promote national resource control.

The Alternative Economy

Common Mongolian ways of thinking about the economy and its connection to politics might be seen as an alternative understanding of the economy. In this section, a school of thought of those described as ‘resource nationalists’ rethink ‘the economy’ and construct an alternative understanding of the economy using two concepts. The first one stems from strategies from the Soviet practice of planned economies. The second one arises from ideas about consumption in Buddhism.

The key person to have pioneered the development of a so-called ‘resource nationalism’ in Mongolia is Khurts Choijin, a doctor of philosophy in geology and the former minister (1976–80) and vice-minister (1964–76) of Geology and Mining Productions (Geologi, uul uurkhain üildveriin yam) in the 1960s and 1970s. In addition to his positions in the ministry, he was also a member of the Mongolian People’s Revolutionary Party Central Committee and of the People’s Great Khural. It was not a surprise that the current President Battulga Khaltmaa, who is known to have nationalist sympathies (Dierkes and Jargalsaikhan 2017), awarded him the title Khödölmöriin Baatar (Hero of Labour) in December 2017. The award was in recognition of Khurts’s achievements in the mining sector and his nationalistic position on resource policy. Not long after, in July 2018, a popular television documentary Mongol tulgatany zuun erkhem (Hundred distinguished figures of the Mongol hearth) – which President Battulga often supports – featured Khurts and his nationalistic views.

Khurts shares ideas and approaches with some experts from the National University of Mongolia, namely S. Avirmed, a mining engineer and economist, and J. Byambaa, a geologist who closely collaborated with them to protest against certain neoliberal policies. Algaa Namgar, director of the Mongolian National Mining Association that I
referred to in the previous chapter, refers to them as technocrats (in the following I will refer to them as nationalistic technocrats), based on their backgrounds and affiliations, a term that I will also use to describe Khurts and his colleagues. In 1994, Khurts was the key person who resisted the first liberal version of the Minerals Law that Algaa and his colleagues drafted and promoted with the help of the World Bank experts (see Chapter 1). At that time, the liberal version was not the only version of the bill. Khurts was in the working group to draft a different version of the bill that was supported and approved in 1994 (see also Konagaya and Lkhagvasuren 2014, 173–4). In other words, Mongolia already had a strong force of nationalistic technocrats: politicians who resisted the free market and liberal mining economy and instead supported state control, which is effectively the counter to the narrative I presented in Chapter 1.

Not long after in 1997, those who promoted the liberal version of the law were successful in securing its passage.

In 2018, I discovered that Khurts has an office at the Ministry of Mining and Heavy Industry. Khurts is in his 80s, and is retired. Eager to find out the precise nature of his role at the ministry, I went to see him one afternoon and found his office on the third floor of the ministry. Written on the door was Mongolyn erdes bayalgiiin salbaryn akhmadyn negdsen kholboo (United Committee of Elders of Mongolia’s Mineral Wealth Sector). There were two names under the label: ‘Ch. Khurts and Ts. Baljinnyam’. Unfortunately, the room was locked. In the corridor, I met a man who works in the ministry and asked him about this ‘committee of elders’. He said that Khurts comes almost every day and stays until around three or four in the afternoon. The man also told me that they are chöölööei khümüüs (free people), probably in comparison to people like himself, who do not have the same freedom to leave the office during working hours or to freely critique the government as these elders do.

Later, Khurts claimed that their committee office and the employment in the ministry is largely symbolic (belgedeliin chanartai), and the younger generation of policymakers do not take their opinions seriously. The next morning, I met Khurts in his office and visited him again several times over the following days. Each day I met him, visitors came one after another to see him and to congratulate him for receiving the distinction from the president. Almost all of the visitors were from the mining and geology sectors. Some brought the ceremonial silk scarf khadag, a silver bowl with milk, or gifts such as expensive alcoholic drinks. This is a common way to show respect in Mongolia. Some of the visitors would sit and talk to him for hours, while I served those visitors tea, coffee and
Their conversations were about Mongolia’s imperial history, nomadic culture, socialism, geology and mining.

From these conversations, and also from the interviews I conducted with him in the following days, I learned that Khurts deeply regrets that the so-called neoliberal transformation – with the help of the World Bank – demolished, in his eyes, Mongolia’s economic, political and scientific mineral resources institutions, which were developed during socialism under his direct leadership. He talked about this intensively with the people who came to visit him in his office, including myself. He told me that the market and democratic transformation made his 4,500 engineers unemployed and turned them into *naimaachin* (suitcase traders) and closed down his research institute with over 100 researchers, which was a significant loss for the country. He complained that all of the geology and mining institutions were dismantled and replaced with apparatuses of the free market economy and neoliberalism. Regarding this he said, ‘chikagogiin malchikuud, Milton Friedman, dendüü muukhai, khudlaa, khooson surgaali gargaj irsen’ (Chicago boys such as Milton Friedman developed an awfully false and empty teaching). He claimed ‘there is no economy without the state’ (*törgüi ediin zasag gej baikhgüi*) (see also Callon 1998; Çaliskan and Callon 2009; Appel 2017, 301). I asked him why he thought neoliberal economic theory was false. In answer to this, he told me how he became a minister and a politician.

He was an outstanding student in Moscow during socialism, and one of the first to return to the Mongolian People’s Republic (MPR) with expert knowledge on geology. Upon his return to Mongolia in 1963, the National University of Mongolia and the Government Agency for Geological Exploration and Research immediately employed him. Not long after, he was appointed as the director of the Sector of the Economy and Planning in the Agency for Exploration and Research, where he began studying the economy. To re-educate himself he had to read many Soviet-era Russian books about the economy, planning and strategy. These texts claimed that all countries (*uls oron*) must have a centralised strategy (*strategi*) and policy (*bodlogo*) to exist. Moreover, he explained that such strategies help the state (*tör*) to complete its ultimate duty to protect its people, territory, environment and culture. Most importantly, different political strategies do not let any sectors – for instance, the mineral sector or the economic sector – remain free from national politics.

For Khurts, this necessity creates a level of state participation and control in one way or another (see also Polanyi 2001), which means that the idea of the free market and liberal economy is a false dream for him.
He reached such conclusions from his experience working as the minister of Geology and Mining Productions. When he was a minister (1976–80), he had to make a strategic decision to not invest in the extraction of uranium and crystal used in optics. According to him, there were several problems regarding the extraction of these two minerals. The ministry was spending 28 per cent of its total budget for the exploration of crystal and 8 per cent for uranium mining, while they did not bring much profit to the GDP. The Soviet Union needed these minerals and Mongolia had to export them at almost no cost, in contrast to the international market price. He also complained that uranium mining was highly destructive to the local people and the environment, and it was one of the riskiest mining explorations. Concerning these two issues, Khurts had to make a strategic decision to stop investing in these two mineral explorations and to close down their operations. Consequently, 30 per cent of the Russian employees in the MPR’s geology and mining industry had to return to the Soviet Union. Instead, Khurts recommended investing in building industries that process natural resources such as copper, in order to support the national economy. While clearly his policies were not resisting ‘neoliberalism’, the necessity for interventionist economic policy appears to have been solidified through this experience. Unfortunately, as a result of this decision and because he fought against the interests of the Soviet Union, Khurts eventually lost his position as minister.

According to the principles of the free market and liberal economy noted above, political strategies that assert control over the free market violate the rights of private companies. To respond to this, Khurts explains how the understanding of the economy in Mongolia is and should be principally different from the understanding of the economy in capitalism. First, he claims that the culture in Mongolia does not prioritise private property and individual rights but instead prioritises the common and commoners. For him, the matter of the nation can never be considered as less important than the question of the individual or private companies. By prioritising the national economy and the issue of funding the emerging nation-state, he shares the same argument with Ochirbat Punsalmaa and others, which I presented in Chapter 1. The difference is Khurts had to close down mines, while Ochirbat had to open mines to support the national economy. For Khurts, the two are both strategic political decisions for the sake of the national economy. I must add that both are also nationalistic decisions, but the former (as seen in Chapter 1) is often considered in the terms of contemporary neoliberal ideology and Mongolian discourses as an example of ündesnii üzel (a good nationalism that supports prosperity and development), while the latter
stands as an example of үндсертэг эзэл (a bad nationalism that blocks development, prosperity and democracy) or ‘resource nationalism’.

Moreover, Khurts elaborated on another principle that also makes some widespread Mongolian ideas of the economy different from those found in so-called liberal economies that justify the state strategic intervention in the economy in a different way. To explain this, he used teachings from Mongolian Buddhism. He learned about ‘correct consumption, correct demand, and correct outcome’ (зöв khereglee, зöв kheregtsee, зöв ür diün), which summarises a strand of Buddhist philosophy concerned with the economy (see also Brown 2015). Khurts elaborated upon this in the following sense: ‘Correct consumption’ teaches us how to manage by efficiently using what we have. ‘Correct demand’, the opposite of unlimited demand, is about how to limit one’s demand or greed (shunal) based on the efficiency of the ‘correct consumption’. ‘Correct outcome’ is where the ‘correct use’ and the ‘correct demand’ meet. He believes that these sorts of ideas should be recognised in the way they have influenced conceptions of the economy in contemporary Mongolia. In principle, there is a significant difference between the certain understandings of the economy in Mongolia and capitalism that lies in the idea of greed (shunal): one constrains greed while the other, for Khurts, rewards greed. Validating greed in Buddhism is a sin that is discussed widely even in contemporary Mongolia. Just as the first principle, arising from the soviet planned economy, the second principle also justifies state planning, strategy and control of the economy. These two principles are important influences upon some of the ideas related to the economy that circulate in Mongolia to this day. Certainly, they are important in the manner in which they motivated Khurts to promote articles related to the state ownership of the minerals with strategic importance in the 1994 Minerals Law (Mongol Ulsyn Ikh Khural 1994, Article 4), and the state ownership of the deposits with similar importance in the 2006 Minerals Law (Mongol Ulsyn Ikh Khural 2006, Article 5). In this sense, the state control of natural resources can be rethought as a consequence of the specific ideological resources that circulate and are contested in contemporary Mongolia. The salience of these two principles is one of the reasons why many people such as Khurts support various forms of state control and protection.

Both of the principles mentioned above endorse forms of strategy, control and governance of the economy. Indeed, one might argue that this can be further seen in the very term өдийн насаг which is used to translate ‘the economy’. As I argue in a different paper (Plueckhahn and Bumochir 2018), the conceptualisations of economy in this term differ
from understandings of ‘economy’ in English. It consists of two words. 
*Ed* means article, item, thing, property, possession, wealth and so on, mostly referring to something material. *Zasag* means governance, rule, or authority; its verb version, *zasakh*, means fix, do, make, manage, organise, control, rule, master or govern (Plueckhahn and Bumochir 2018, 347). As David Sneath (2002, 201) explains, *ediin zasag* literally means the ‘governance of property’ or ‘possessions authority’ and ‘the very definition of the economic sphere depends upon the notion of political authority’, which reveals a Mongolian linguistic interconnection between politics and the economy in the very act of speaking about it.

**State Control and Protection**

Varied historical narratives from different periods of the history of the nation of Mongolia make state control and protection of natural resources a normative discourse that is available for Khurts and other nationalist technocrats and politicians to deploy. This section introduces several historical narratives that depict a period of time starting from the time of Xiongnu Empire in the 3rd century BC–1st century AD to the Soviet regime in the twentieth century. As I find in this section, state control does not have a particular and stable meaning and a form. People give different meanings to state control and construe different forms of state control for certain purposes, usually to argue against neoliberal and free market ideologies, using historical narratives. The historically constructed validation and acceptance puts state control and protection of natural resources in a privileged position comparable to other privileged objects such as the national economy. Hanna Appel writes, ‘In Equatorial Guinea, as elsewhere, the economy is a privileged object – perhaps the privileged object – in official discourse’ (2017, 294). In contrast to Appel’s argument, this section shows how historically constructed indigenous perspectives on state control and the protection of land and natural resources create alternative privileged objects besides the economy. As a result, there is a contest of privileged objects in Mongolia and, as I illustrated in the previous section, political rulers struggle to balance those different priorities. In my reading, the term ‘resource nationalism’ has come about without proper consideration of how nationalist sentiments labelled as such are related to historical constructions of state control over natural resources. For many Mongolians, all of the above-mentioned laws, regulations and decisions identified in the framework of ‘resource nationalism’ remain as diverse
issues and problems that go far beyond the framework of the reductionist accusation this term conveys. In the discussion below, I will shed light on matters of ‘tradition’ and history that are unavoidable in Mongolia. As Ganbold and Ali note, ‘the long-held nomadic belief and lifestyle of herders in Mongolia is an important factor for shaping such trends’ (2017, 6–7). But unlike Ganbold and Ali, I argue that this should not apply to understanding nationalism in the reductionist framework of ‘resource nationalism’. The effects of nomadism and the pastoral way of life upon the relationship of land and herders are not captured by the term ‘resource nationalism’, but are specific to nationalism in Mongolia. Here, I will not look at the nomadic and pastoralist culture per se as Ganbold and Ali mention, but I will focus on the historical construction of state control of natural resources which occurred within a pastoralist context.

Nationalistic technocrats, scholars, politicians and environmental movement leaders often deploy historical narratives to promote and justify state control of natural resources. According to many of these agents, and the existing literature on the history of mining in Mongolia, the tendency of the state to assert authority over resources existed in presocialist times. In Khurts’s office, I found a thick book titled Mining of Mongolia 95: Routes of the historical development of mining in Mongolia (Magvanjav and Tsogtbaatar 2017) dedicated to the ‘95th anniversary of mining in Mongolia’. The first chapter of the book reminds readers of the oath of the Xiongnu emperor Modu Chanyu (234 BC–174 BC) that circulated during the domination of the Qing Empire (1644–1912) – Burkhan guisan ch sööm gazar büü öd (Do not give away an inch of land if even God asks for it) – which was often considered as an important message of resistance from the past (Magvanjav and Tsogtbaatar 2017, 24). The authors took this phrase for granted and provided no official references. According to some historical sources, this is not what Modu Chanyu actually said. In a myth about Modu, depicted by the ancient Chinese historian Sima Qian (135 or 145 BC–86 BC), his enemy first asked for his famous fast horse and then his favourite consort, which he agreed to give. Finally, the enemy asked for his land, and Modu flew into rage and said, ‘Land is the basis of the nation’ and ‘he executed all the ministers who had advised him to do so’ (Qian 1993, 135). In Mongolian, this is often translated as gazar bol ulsyn ündes (land is the basis of the people, nation or country; see also Kradin 2012, 54). Further, Mongolian historians claim that the Oirat ruler Galdan Khan (1644–97), who fought against the rule of the Qing Empire, is the one who said Minii nutgiin gazar shoroonoos burkhan guisan ch bitgii öd (do not give away my land even if God asks for it) (Dashnyam 2014, 228). It is common
in Mongolia to mix those two phrases and quote them with no proper references.\footnote{In my interview with Khurts, in addition to mentioning these two phrases, he further suggested that the state control, regulation and protection of natural resources and the environment in Mongolia started in the times of the Mongol Empire (1206–1368), and it was explicitly declared in the Great Code of the Mongol Empire called \textit{Ikh Zasag} (or \textit{Yasa}, \textit{Yasag} and \textit{Jasag}). Moreover, he went on to claim the advancement in production that stemmed from the successful regulation of natural resources contributed to the empire's conquests (see also Konagaya and Lkhagvasuren 2014, 158–9). Here, with the state control Khurts indicates state's or emperors' sovereign authority to use or to let someone use natural resources for certain purposes to help the state and people.} Another famous historical record that reveals state sway over natural resources comes from the mid-eighteenth century. Many of the books on the history of mining in Mongolia (see also Tuya and Battomor 2012; Sodbaatar 2013) proudly narrate this event. Under the rule of the Qing Empire, aristocratic nobles in Zasagt Khan and Sain Noyon Khan banners established and organised \textit{altan-u qara\u0111ul} (a gold patrol) to protect wild animals, herbs, gold and all other natural resources from illegal exploitations and smuggling by migrant Chinese and Russians (Nasanbaljir 1964; Banzragch 2004; Tuya and Battomor 2012, 43–47; Jigmeddorj 2015; Magvanjav and Tsogtbaatar 2017, 24). I also had a chance to talk to Khurts about this history. He pointed out that gold patrol was one the most efficient ways to successfully protect natural resources from foreign threats in the history of Mongolia (see also Konagaya and Lkhagvasuren 2014, 161).

The first large-scale multinational mine in Mongolia under the Qing Empire was known as Mongolor. The company was financed by Russian, Belgian and Qing capital; it was also staffed with French engineers, American hydrologists, and Russian, Chinese and Mongolian miners. It became operational in March 1900 (Tuya and Battomor 2012, 68–70; Jackson and Dear 2016, 350; see also Dear 2014; Bonilla 2016). Many commentators have drawn an analogy between early resistance by Mongolian people against the Mongolor project and what is happening in contemporary Mongolia. Qing officials decided to transform Mongolia into a strategic buffer zone against the encroachment of the Russian Empire and into a profitable region through a combination of agricultural land reclamation and mining. The term \textit{li yuan} (source of profit) was adopted to describe Mongolian soil (Sneath 2001; Jackson and Dear 2016, 349; Dear 2014, 245–7). Mongol aristocrats and civilians enacted strong resistance against mining operations (not only this company but
mining operations in general) and the policy of the Qing authorities to exploit natural resources in Mongolia. Several important aspects may be deduced from the complaints and resistance against mining. Ya. Sodbaatar (2013, 31–3, 48, 53, 54, 55) has published extensive archival documents that decry Russian and Chinese gold and coal mining operations and the operation of Mongolor. According to these materials, many people complained about ‘the incompatibility of mining to the way of living and the environment’ (aj törökh arga, oron nutagt kharshtaa). Most of those documents reveal complaints that suggest mining operations degrade land and pastures and violate local people’s belief in land and water spirits. All of the charges described mining operations as foreign to Mongolian culture, not only as Russians, Chinese and other foreigners controlled these operations but also in the sense that they are destructive to the pastoral way of life and Buddhist and shamanic beliefs that teach not to destroy life of earth (Shimamura 2014, 395; see also Tanaka 2002).

Although mining turned out to be destructive and incompatible to this view of Mongolian culture, in 1911, when the theocratic state of Bogd Khan (1869–1924) established its government and proclaimed independence, the government immediately decided to nationalise mining for the sake of the national economy and its development. In other words, because mining turned out to be an opportunity to promote the national economy and sovereignty (Tuya and Battomor 2012; Bonilla 2016), the reification of the national economy became the justification to allow mining activities (Appel 2017). In 1913, the new theocratic government of Mongolia introduced its Mining Regulations, which revealed a desire to expand the mining industry by welcoming foreign companies (Batsaikhan 2009, 72; Tuya and Battomor 2012, 75–78; Sodbaatar 2013, 92; Bonilla 2016). Significantly, the new government continued with contracts with the existing mining companies and put efforts into opening further mining explorations (Tuya and Battomor 2012, 79; Sodbaatar 2013, 93). In the absence of the Qing Dynasty, Mongolor no longer had a responsibility to make payments to Beijing. Mongolia became the outright owner, thereby resulting in the state’s access to revenues from gold mining (Bonilla 2016). As such, the rulers of Mongolia started to nationalise and commodify natural resources as valuable assets in the economy of the emerging state. Khurts pointed out that according to the contract made between Mongolor and the Mongolian government in 1908, Mongolia received 16.5 per cent of the total amount of gold extracted; this percentage later increased to 20 per cent (see also Magvanjav and Tsogtbaatar 2017, 7–8). He also claimed
that the theocratic government of Mongolia used to own the deposits, and only issued permission to lease subsoil (see also Konagaya and Lkhagvasuren 2014, 163). For Khurts, this was again an example of how rulers of Mongolia promoted state control of natural resources.

The historical policies of state ownership, protection and control were re-enforced after the revolution in 1921. In the book I found in Khurts’s office (Mining in Mongolia), I was eager to read the passages referring to 1922; that is, why that year was officially recognised as the year mining started in Mongolia. Khurts told me that in 1957, Arad-un yeke qural (People’s Great Khural) issued a decision to celebrate 1922 as the start of the mining sector in Mongolia, after the revolution supported by the Russian Red Army in 1921. In December 1922, the first mine to be announced as a state-owned mine was a coal mine in Nalaikh. After two years, the first constitution of the MPR, passed in 1924, declared that natural resources are the property of people (and therefore the state) (arad neyite-yin körüngge). It should be noted that the constitution explains that ‘from the past natural resources had been the wealth of the people and public’ (erte čag-ača inaşi arad neyite-yin körüngge bayişiayar iregsen zang suryal) (Mongol ulus-un yeke qural 1924, Chapter 1, Article 1). This article of the constitution not only declares the ownership and authority of ard niit (people and public) but also pronounces that this is the moral custom and teaching (zan surgaali) that must be adopted and privileged by the next generation of Mongols. In other words, the constitution explains that it is essential to acknowledge, privilege and preserve Mongolian traditional customs and teachings (zang suryal) in regard to natural resources. As such, according to David Sneath (2010, 251), notions of tradition (ulamjlal) and historical narratives become resources for politicians to mobilise politically and to historically ensure state control, as noted in this chapter. Throughout the development of the socialist system, the Mongolian government further reinforced and validated the state’s and people’s ownership of natural resources. The 1940 (Bügüde nayiramdaqu mongol arad ulus-un yeke qural 1940, Chapter 1, Article 5) and 1960 (Bügd Nairamdakh Mongol Ard Ulsyn Ardyn Ikh Khural 1960, Chapter 2, Article 10) constitutions of the MPR declare that natural resources are ulsyn ömch ard tümnii khoröngö (‘wealth of the nation’ or ‘country’ and ‘property of the people’). Mette High (2012, 254) asserts that later laws, namely the Law on Subsoil (1988), the Constitution of Mongolia (1992), the Environmental Protection Law (1995) and the Law on Water (1995) emphasised state interests above those of individual mining investors even after the fall of socialism. For example, the 1992 constitution of Mongolia declares, ‘except that given
to the citizens of Mongolia for private ownership, the land, as well as the
subsoil with its mineral resources, forests, water resources and wildfowl
shall be the property of the State’. Moreover, the constitution also states
that ‘natural resources should be under the authority of people’ (ard tümni medel) and the ‘protection of the state’ (törin khamgaaalti) (Bügd
Nairamdakh Mongol Ard Ulsyn Ardyn Ikh Khural 1992, Article 6). In
this sense, the anniversary of mining celebrates state ownership and the
people’s ownership of the territory and natural resources, as reinforced
through reference to traditional customs and teachings (sang suryal).

As we have seen, the state control and protection of natural resources
is a salient discourse that is available to deploy. Deployment of such
constructions of the indigenous experience of history – and its political
motivations – actively shapes the contemporary political economy of
natural resources. Therefore, an account of mining in Mongolia, past and
present, even when involving largely international companies, cannot
be complete without recognising the availability, circulation and import
that such Mongolian discourse has on the political economic context.
By taking historical constructions into consideration, the state and the
people of Mongolia do not simply control natural resources. They also
attempt to protect the environment, locality and territory as well as the
knowledge, beliefs, feelings and customs regarding land and localities
they inhabit, which is a classic in romantic nationalist thought. These
constructions also prompt ‘people’ (ard) to acknowledge state control
instead of undermining it. Therefore, for many Mongolian policymakers
and people, it is impossible to straightforwardly reject or even undermine
the historical construction of state control and immediately establish an
ultimately capitalist market-oriented economy.

State’s Action to Balance

In the impasse in Mongolia’s resource economy (see also Preface),
the state attempts to reconcile competing concerns promoted in the
schools of liberal and nationalist thought. To be more precise, political
attempts to balance these schools of thought led to situations that can
be called ‘resource nationalist’ by some people. In the words of Empson
and Webb, the Mongolian rulers and politicians in parliament and
government attempt to establish ‘trusting partnerships’ and ‘to balance
competing responsibilities’ (Empson and Webb 2014, 247). ‘The idea
of “trusting relationship” can refer to that relationship between the
Mongolian State and foreign investors, as well as in certain ways to that
relationship between the State and the Mongolian people’ (2014, 232). They go on to note that the Mongolian government ‘cannot serve all of its relations’, and this forces the government to put ‘some “on hold” while attending to some others’ (2014, 247). In this way, the government’s (and parliament’s) delicate attempt to balance contesting partnerships and their privileges sometimes puts the economy on hold and promotes state control of the resource economy. Such forms of political control of natural resources to maximise and distribute its benefits are often defined as ‘resource nationalist’ (Bremmer and Johnston 2009, 149; Wilson 2015, 399; Childs 2016, 539; Koch and Perreault 2018, 1), and mask the political struggles to balance competing interests that lay behind events.

For example, Algaa calls the 1997 Minerals Law a liberal law that successfully appealed to FDI;9 Jargalsaikhan Dugar says that he was proud to promote the national economy by creating this law; and Ochirbat claims it helped to fund the emerging sovereign state. Yet many nationalistic technocrats, scholars and politicians such as Khurts rejected it and called it the ‘black law’ (khar khuulì). In my interview, Khurts gave a number of justifications for this. First, he claims that the law was written by a foreigner who was a World Bank consultant and who copied it from laws in English (Tsogzolmaa 2010) and that the foreigner did not consider the uniqueness of the Mongolian context. Second, as a result of the law, the territory of Mongolia was distributed in the form of mining licences to Mongolian and foreign private mining companies. Khurts claims that this violates an article in the constitution of Mongolia, which states: ‘In Mongolia, the land, its subsoil, forests, water, fauna and flora and other natural resources shall be subject to people’s power and State protection’ (Bügd Nairamdakh Mongol Ard Ulsyn Ardyn Ikh Khural 1992, Article 6). Third, he complained about the litsenziin naimaa (selling of licences). As a result of the liberalisation in the economy, some people and companies obtained a large number of mining licences. He considers that this led to an unequal distribution of Mongolia’s natural wealth. Fourth, he explained to me that the private ownership (ömchlök) or the temporary possession (ezemshikh)10 of land or natural resources (see also Sneath 2004; High 2012, 254; Empson and Webb 2014, 234 and 239) risks the above-mentioned duty of the state to protect and control. If the company owns or temporarily possesses the soil and the subsoil, then this opens a right for them to transfer and mortgage the soil and the subsoil they own or temporarily possess in the form of the mining licence, which was actually approved in the Minerals Laws in 1997 (Mongol Ulsyn Ikh Khural 1997, Article 40) and 2006 (Mongol Ulsyn Ikh
Khural 2006, Article 40). Khurts decrives this and warns that if mining companies fail to repay their loans, the mortgaged soil and subsoil in the form of the mining licence will remain mortgaged to one of the foreign banks. He worries that in such a case, the Mongolian government will be obliged to pay off the debt of a private company in order not to lose its land. To prevent such risks, according to him, the soil and subsoil should be the property of the state and could only be leased to others (see also High 2012, 254). He successfully managed to implement this approach in the Law on Subsoil in 1988 (Bügd Nairamdakh Mongol Ard Ulsyn Ardyn Ikh Khural 1988, Article 1), and then in the Minerals Law in 1994 (Mongol Ulsyn Ikh Khural 1994, Article 33–7), but the Minerals Laws of 1997 and 2006 both eliminated his protection.

For the above reasons, Khurts and his colleagues fought against the ‘black law’. This was true not only for Khurts and his colleagues; some other politicians and the public also expressed similar concerns. One of them was Enkhsaikhan Onomoo, who became a parliament member in 2004. To support the nationalistic technocrats’ group and to lobby the amendment, he founded a movement called Minii mongolyn gazar shoroo (My Mongolian Land and Earth). With the effort of Enkhsaikhan and a few other parliament members, the new Minerals Law was successfully passed by parliament in 2006. The new law has some significant differences from the previous liberal version. For example, in the new version, Khurts and his colleagues managed to introduce articles concerning mineral deposits with strategic importance, and 34 per cent to 50 per cent state ownership (Mongol Ulsyn Ikh Khural 2006, Article 5). These articles also allocate a right and authority for the state to participate and control natural resources and the mining economy. There are also the following important changes: Chapter 2 of the new law (Mongol Ulsyn Ikh Khural 2006, Article 8–14) is entirely dedicated to the sovereign right (büren erkh) of parliament and the central and local governments to regulate (zokhitsuulakh) the resource economy; it eliminated the section to issue licences to those who first apply, and in its place introduced a stricter selection process and criteria (Mongol Ulsyn Ikh Khural 2006, Article 18–23, 24–6) and eliminated the section on the stability agreement in the new version. Here we see the influence of the discursive resources that encourage the state control of resources outlined throughout this chapter and the very real impact they have on the economy in Mongolia. Yet these amendments in the Minerals Law in 2006 marked only the start of the national resource control and the overall concern further echoed many more attempts of state control.
Another law that placed restraints upon the growth of the gold mining economy was the windfall profit tax law (Genetiin ashigiin tatvaryn khuuli), which passed in 2006. In May 2006, parliament approved a windfall profit tax on copper and gold exports, which required companies to pay a fee at a rate of 68 per cent when the copper price exceeds US$2,600 per metric ton and the gold price reaches US$500 per troy ounce on the London Metal Exchange (Tse 2007, 1). As the government and parliament predicted from mining companies’ tax, after the implementation of the law, the GDP increased by an average of 48 per cent from 2006 to 2008 (Mongolian Mining Journal 2008). For those who created and supported the bill, this success was the result of the windfall tax law. As such, the national economy appears to be the dominant justification for the legitimacy of the windfall tax law. For those who introduced the bill and those who supported it in parliament, this law was the best possible way for the government to claim its ownership of natural resources and to provide the most national benefit from the exploitation of natural resources. The high tax was also a response by some politicians to the complaints against those few Mongolian and foreign private mining companies who benefited the most from Mongolia’s mineral wealth. As such, it is important to examine the story of how the government came to this idea in the first place.

In Mongolia, this law is also known as the law of Fortuna’s daughter (Fortunagiin okhiny khuuli). Fortuna is the nickname of Batbayar Nyamjav, an economist and politician, who was a member of parliament and a minister of Construction and City Building. There are also rumours that he is a shaman. Batbayar started his private business in 1992 and established a company, which he called Fortuna. Later it became clear that the idea of the law came from his daughter, Jargalan Batbayar, who studied economics at Columbia University (2001–4). Many Mongolians make jokes by saying that she learned it on the internet or the idea came by way of Fortuna’s dream. The origin of this law became an example for many people as to how politicians in Mongolia initiate and approve laws without serious research or knowledge. As the story goes, the law initially targeted copper, not gold, and particularly the Mongolian and Russian joint venture Erdenet Mining Corporation, with the intent to increase Mongolia’s profits. According to Algaa’s version of the story, it was unfair to target Erdenet and Russia only; therefore, seizing the opportunity of the gold price increase, the government decided to include both copper and gold and other gold mining companies in the law.
Unfortunately, in addition to the increase in the GDP, this law brought about a disastrous outcome in the gold mining sector, which I will also present in the next chapter on gold mining companies. Gold mining companies stopped selling their gold to the Mongol Bank, and the illegal trade of gold dramatically expanded in the years that followed. Official records indicate that the amount of gold production decreased from 24.1 tonnes in 2005 to 17.4 tonnes in 2007, and the export of gold dropped from 23.8 tonnes in 2005 to 11.5 in 2007. A *Mongolian Mining Journal* (2008) editorial calculated that during those two years, Mongolia lost about US$565 million from gold exports because of the windfall tax law and illegality it encouraged.

As a consequence of the above laws, the production of gold further dropped to 5.7 tonnes in 2011 and gold export fell to 2.6 tonnes (Gold 2025 Programme baseline research report 2015, 7–8). The Bank of Mongolia purchased 15.23 tonnes of gold in 2005, which was an all-time high. This amount dramatically dropped to 2.12 tonnes in 2010, 3.31 tonnes in 2011, and 3.34 tonnes in 2012 (Bank of Mongolia 2017).

Since the 2000s, the boom of nationalistic sentiments and state control was not the only issue to generate the laws mentioned above. Bans constrained the growth of the small- and medium-scale gold mining operations in Mongolia. Further, the increase in the national economy, discovery of abundant minerals, and plans to open the world’s largest mines to exploit deposits with strategic importance caused Mongolian rulers to undermine the operations of the small- and medium-scale gold mining companies. The new era of the vast mineral deposits extraction of transnational mining corporations such as Rio Tinto started to shape the gold mining sector in relation to small- and medium-scale companies. Rio Tinto’s investment in the Oyu Tolgoi (OT) gold and copper mine made the Mongolian economy most invested in 2012 in the world by the IMF metric (Riley 2012). In 2011, Mongolian GDP growth rate reached an all-time high at 17.5 per cent. Compared to the 1990s, the national economy appeared to be in a much stronger state. In this sense, it was the start of the significant strategic mines that caused Mongolian rulers to cancel the windfall tax law, not the struggles and battles of the small and medium gold mining companies. To pave the way for the agreement of Rio Tinto and its partner Ivanhoe Mines to establish Oyu Tolgoi copper-gold mine, the government of Mongolia agreed to scrap the 68 per cent windfall profit tax on 25 August 2009. In preparation for the start of production, scheduled for 2013, the government rescinded the windfall law in early 2011 (Swire 2009).
The growth in the GDP rate and the presence of transnational corporations created a window of opportunity for some politicians to develop a different political campaign and a distinct nationalistic tendency, as we have seen in the above case of the windfall tax law. But this window of opportunity was temporary and brief, and the GDP growth rate collapsed again in 2012. From 2014, Mongolia’s GDP growth rate dramatically dropped to -1.6 per cent in 2016 (Trading Economics 2018). At the end of 2014, Prime Minister Saikhanbileg Chimed of the Democratic Party finally admitted that Mongolia was faced with a severe economic crisis. The announcement of the crisis had a specific purpose: the government justified the reinforcement of the liberal economy against so-called ‘resource nationalism’. As a result, in May 2015, Mongolia and Rio Tinto signed a US$5.4 billion deal to expand the underground development of Oyu Tolgoi. International media outlets quoted Saikhanbileg’s statement: ‘Mongolia is back to business’ (Guardian 2015). In his speech, he also emphasised the importance of terminating all possible interventions of the Mongolian government and politicians in the business of the two companies. In many ways, this announcement was a redeclaration of Mongolia’s free market economy. Saikhanbileg’s appeal to terminate political intervention in mining was somewhat moot because the nation-state has a particular policy regarding strategic deposits and their wealth, which creates a situation where political interventions are unavoidable (Dulam 2015).

In 2016, the regime of the liberal resource economy was further enforced during the rule of the subsequent government of the People’s Party. In 2017, the Mongolian government started ‘Gold Programme Two’, which is reminiscent of the first ‘Gold Programme’ in 1992. The purpose of Gold Programme Two was to liberate the resource economy, invite foreign investment, encourage activity in the gold mining industry, and to grow the GDP rate. Such political decisions made in 1992 and in 2017 show that the rise and decline of the two competing regimes were both tied to the reification of the national economy. The reification of the national economy has a dialogical relationship with the issue of the environment, social justice and distribution of natural resource wealth. When Mongolia achieves fast economic growth, then many rulers consider the environment, social justice and distribution of resource wealth; when the economy hits a crisis, many of them abandon the environmental problems and concerns about the resource economy. Yet in both cases, specifically Mongolian discursive resources related to the environment and economy shape the political-economic outcomes.
Notes

1 Jeffrey Wilson (2015) critiques the focus on the economy in the discussion of ‘resource nationalism’ and underlines the importance of political matters. But here he fails to mention cultural factors.

2 He passed away in 2015, and many Mongolians suspect that his death might have to do with his fight against mining.

3 I later discovered that Khurts and Baljinnyam have had this office for more than ten years, and the ministry pays a salary for one person. Initially, it was Khurts who received the salary but later this was changed to his colleague, Baljinnyam.

4 In the 1990s, many Mongolians started to bring goods from China and Russia and sold them in Mongolia. From Mongolia, they used to bring marmot skin and scrap metal and sold them in Russia and China.

5 In Chapter 6, we will also see Munkhbayar develop the same argument about individual rights versus the common good.

6 Interestingly enough, not only Khurts but also those who support the liberal economy – namely, Jargalsai Khan – also told me about the same Buddhist understanding of the economy. Jargalsai Khan also said to me that he does not think the market is free and the economy liberal. For this reason, he was uncomfortable being labelled as someone who promotes the liberal economy. Instead, he thinks what he and his other colleagues did in the 1990s – similar to what Ochirbat says in Chapter 1 – was not intended to establish a liberal economy or free market; rather, his sole intention was to assist the economy of Mongolia.

7 Chapter 5 also shows how nationalist movements use these phrases to justify their protests to protect the environment.

8 Although a complete written text was not found, many historians claim that Ikh Zasag was an imperial code of conduct of the Mongol Empire and its successor states started from Chinggis Khan.

9 Many others also consider the 1997 Minerals Law to be liberal. For example, Mette High (2012, 255) notes that ‘the Minerals Law accentuated the much more liberal position of the state’.

10 ‘We find ideas about the ownership of land and resources that pivot around the notion of a master-custodian relationship. This model differs from outright individual ownership. Here access to resources, such as pasture, water, etc., is not granted as individual ownership, but rather alternates through an idea of “temporary possession” (ezemshil). The notion of temporary possession requires on-going connections that put people in relations of debt to each other, be it between the Mongolian people and its government, between monastic orders and their subjects or between herding households and the spirits or “masters” of local places (gazaryn ezed)’ (Empson and Webb 2014, 239).

11 He passed away in 2006 due to health reasons. But many Mongolians suspect that his death might have to do with his fight against mining.

12 In 2010, for national security purposes, Mongolian President Elbegdorj Tsakhia introduced a ban on the issue of exploration licences and the assignment of existing permits. He announced that the moratorium was necessary for several reasons: to create better regulation and organisation of mining licences, to amend the minerals law again, to find a resolution to the corruption and errors in the issuance of some thousands of permits and to address the overwhelming sale of land in the form of mining licences (Ninsemjld 2012). His moratorium lasted for about four years, until 2014.