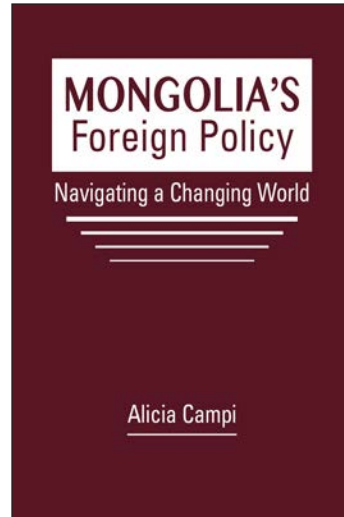


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Mongolia's  
Foreign Policy:  
Navigating a  
Changing World

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# Introduction

**This book examines the foreign policy, including the foreign economic policy, of independent Mongolia in the democratic era, which began in 1990. Mongolia, which celebrated its twenty-fifth year of democracy in 2015, has a long, storied history dating back to its founder, Chinggis Khaan,<sup>1</sup> but it only has recaptured the world's attention in the past decade because of its rich mineral resources. The analysis is framed through an integrative approach that emphasizes the Mongolian perspective for researchers and students of Sino-Russo-Mongolian, as well as Northeast Asian and Eurasian, studies. It focuses on geopolitics—the defining of circumstances under which a nation will always act to protect its national interests. While many researchers have attempted to define and explain the policymaking strategies of China, Russia, and Japan, as well as the United States, few have considered the geopolitical strategy of Mongolia.**

As Ambassador P. Stobdan has noted, “Mongolia’s strategic position at the cross junction of Central Asia, Northeast Asia, Far East, China and Russia attracts major powers towards it.”<sup>2</sup> Although Mongolia traditionally has not been a key ally for the United States, it has played a linchpin role in Russian, Chinese, and Japanese strategic views about Northeast Asia for many decades. In the twenty-first century, after the demise of the Soviet Union and the rise of China, Mongolia has become even more prominent in these nations’ self-interested calculations and has attracted the keen attention of many other countries. The United States, as the remaining superpower at the end of the Cold War, became involved in Mongolia mainly because this landlocked former Soviet satellite state was seen as an experiment in the simultaneous dismantlement of seventy years of socialism, inculcation of democratic values, and development of a free market economy.

In the 1990s, after decades of isolation from the economic development of most of their Asian neighbors, Mongolian policymakers expected that if they made the necessary economic reforms, their nation would benefit from integration into the booming Asian regional market and the whole of the developed world. Yet, they believed that maintaining national political security was of paramount importance and recognized that abandoning their traditional reliance on one of Mongolia's two border nations for protection was a new and potentially dangerous stratagem. Therefore, Mongolia developed a foreign policy concept labeled the Third Neighbor Policy. This strategy was proposed first by then US Secretary of State James Baker in 1990 as a way for Mongolia to balance the tendency of its border neighbors, China and Russia, to establish control over Mongolia's international and domestic politics and economy.

Over the years, the "Third Neighbor" strategy has become a flexible, multipillared foreign policy that is the rationale for promoting relations with the industrially advanced nations to the West and East, including the United States, Japan, South Korea, the United Kingdom, and Germany, to consolidate best practices and accelerate Mongolia's transition into the global market economy. From 2010 onward, the Third Neighbor Policy has been expanded and reinterpreted both in content and meaning to include cultural and economic partners as diverse as India, Brazil, Kuwait, Turkey, Myanmar, and Iran. Nevertheless, the Mongols always have emphasized that their approach to economic and political security meant that both China and Russia rightly should be accorded top priority in their foreign relations based upon the principle of a balanced, stable, but not necessarily equidistant relationship, and that these border neighbors would be the main trade partners as well as major investors. In 2014 Mongolian policymakers decided to recast the relationship with these two powers under a "neighbor trilateralism" dynamic in order to take advantage of Sino-Russian rapprochement.

Mongolia experienced a tumultuous first decade of democracy in the 1990s in which it had to rely on substantial foreign donor assistance to prop up the transition process. The new millennium saw Mongolia, with foreign expert advice, readjust its macroeconomic plans toward reliance on foreign direct investment (FDI), especially in its mineral sector. In 2012 the World Bank asserted that "Mongolia is at the threshold of a major transformation driven by the exploitation of its vast mineral resources."<sup>3</sup> Its exploding growth rate of 17.3 percent in 2011 and 12.3 percent in 2012 (compared to 6.1 percent in 2010)<sup>4</sup> caught the attention of economic and financial strategists, who wanted to know more about Mongolia's ability to supply key minerals to feed the Chinese economic juggernaut and to expand trade ties with the advanced economies of Japan and South Korea. Mongolia's international image and global presence also increased with the rise of Eurasian continentalism,<sup>5</sup> epitomized by various multilateral, integrative economic and transportation strategies, often labeled Silk Road initiatives, which

have accelerated over the last few years. More recently, fluctuating world commodity prices, the slowing Chinese economy, and Mongolia's vacillating legal environment for foreign investors have led to a retrenchment period inside Mongolia and the dimming of international enthusiasm for its actions and minerals. Nowadays, when observers question where the country is heading, they may fail to appreciate the complicated situation Mongolia's democratic political and economic institutions still confront.

I made my first visit to communist Mongolia in 1975, participated in the preliminary discussions in 1985–1986 in Tokyo that led to the establishment of official bilateral diplomatic relations between the United States and Mongolia in 1987, and have been a close observer of Mongolian foreign and domestic affairs during the past thirty years. Posted in Ulaanbaatar in the beginning of 1990 as a US diplomat, I was an eyewitness to the final months of peaceful street demonstrations led by young Mongols, such as the late Sanjaasüreng Zorig and President Tsakhia Elbegdorj. These demonstrations resulted in the fall of the communist government that had been in power for seventy years and the birth of Mongolia's democratic experiment to transform its entire economic and political system. Over the last quarter century, as a diplomat, businesswoman, academic, and commentator, I personally have known every Mongolian president and prime minister, in addition to policymakers in all aspects of civil society and government. This type of deep and well-rounded perspective on Mongolian affairs motivated me to attempt to produce a cogent and multifaceted examination of the formulation and execution of contemporary Mongolian foreign policy, which I call Mongolia's "Wolf Strategy."

During the first decade of change, in the 1990s, I was in and out of the country about fifteen times for research and business projects, and my travel to Mongolia has continued at regular intervals into the new millennium. These experiences have allowed me to develop a comparative viewpoint as a witness to the emergence of the seemingly chaotic democratic society of today's Mongolia from the harsh realities of its collapsed socialist world. The challenge for contemporary researchers on Mongolia is how to find a way to mesh new sources and technology with highly personal accounts to achieve a more accurate analytical context without completely rejecting the old socialist-era research. I believe part of the problem is that many foreign observers and researchers of democratic Mongolia lack real historical understanding of the country, so they fall into the trap of just reporting and analyzing events as they arise—more like commenting on a collection of specific photographs. This kind of analysis fundamentally enlarges Mongolia's problems and minimizes its very real accomplishments. Such a perspective also makes it nearly impossible to predict the country's future behavior because there is little understanding of the fundamental currents underlying Mongolian modern history, including those that created the democratic era and direct its policies.

We in the West have a few key, but little used, Western materials about life in socialist Mongolia. Examples are the memoirs of Britain's first ambassador to Mongolia, Reginald Hibbert, whose *Letters from Mongolia* was written during his posting in 1964–1966, and Daniel Rosenberg's studies of agricultural *negdels* (communes) in the early 1980s.<sup>6</sup> My own first visit to Mongolia was in 1975 during what Mongols called the golden years of Tsedenbal and Brezhnev. I remember only one nearly empty department store and horse carts rather than private autos in the capital. Although I returned to Mongolia as a diplomat in 1990 to seemingly similar economic conditions, the political environment was in fact very much bubbling with enthusiasm for the new changes that Gorbachev's brand of Soviet glasnost and perestroika allowed. As a result, Eastern European-educated Mongols were strongly influenced by the Solidarity movement in Poland.

Mongols, including the politburo, were shocked by the events in Tiananmen in June 1989. They believed the Chinese communist leadership had murdered their own children and colleagues and were determined not to replicate that experience. We know this from deliberations of the Mongolian politburo that were revealed in the memoirs of the last Mongolian communist leader, party general secretary Jamba Batmönkh,<sup>7</sup> who reportedly told his wife, "We few Mongols have not yet come to the point that we will make each other's noses bleed."<sup>8</sup> In large measure, Mongolian demonstrations were well managed by the protesters, and the government, police, and army exercised great discipline in preventing chaos. As a result, Mongolia experienced a tense but peaceful ending to communism without violence, loss of life, or retribution squads. While not well known today, this story stands as a great accomplishment of bravery, persistence, patience, and national reconciliation that should be studied by Mongolia's youth so that they might find lessons to guide them through future difficult periods and as a model of harmony for other societies in conflict. More personal memoirs of democratic and nondemocratic actors in this crucial period must be collected and published. This is a great challenge and should be a nationwide project that Mongolian universities rally behind by encouraging their students of history, political science, and modern sociology to do personal reminiscence-based research.

As for the topic of Mongolia's foreign relations, we have some written sources from the past two decades, especially via online blog interviews. One of the few published books is Morris Rossabi's controversial work, *Modern Mongolia: From Khans to Commissars to Capitalists*,<sup>9</sup> which provides a critical view of Mongolia's US-led development policies in the early 1990s. At the other end of the analytical spectrum is US Ambassador Jonathan Addleton's volume published in Mongolian and English entitled *Mongolia and the United States: A Diplomatic History*<sup>10</sup> that was written to commemorate twenty-five years of US-Mongolian relations. In addition to the publications and media sources, I have utilized personal recollections

and private writings of Mongolian leaders and foreign diplomats to humanize my analysis. Among the helpful sources were the personal interviews of some of the US ambassadors to Mongolia, which are being collected by the Association for Diplomatic Studies and Training as part of its Foreign Affairs Oral History Project.<sup>11</sup>

Nevertheless, Mongolian democratic history of the past twenty-five years needs even more diverse materials to provide a better understanding of the process and great economic cost of dissolving the communist structures of the nation. The collapse of the Soviet Union, which provided one-third of Mongolia's budget every year through its COMECON system, resulted in a very difficult final decade of the twentieth century that included severe food shortages in the cities but no riots or violence. Mongolian policymakers made the decision to establish both a stable free market and a democratic society concurrently—a most difficult and unique path that other former socialist nations making the same transition during the same years did not have the confidence to embrace. To explain this decision-making process, historians need to interview politicians and parliamentarians, some of whom already are retired, and comb through the rich Mongolian newspaper record. However, this record is not yet digitalized in large part, so the publications must be examined in person, for example, at the Montsame photographic services. There also are foreign records and memoirs available in Western languages because the Western donors, particularly the United States, believed Mongolia was a model for other countries to emulate. The US Congress lauded and financially supported the controversial Mongolian model of development. In 1992 the second US ambassador to Mongolia, Joseph Lake, proclaimed, “This is a place where Americans—if we believe what we say about democracy and free enterprise—can affect the future. The Mongolians are now trying to restructure their economy and their government on the basis of the ideas we believe in. If they succeed, this country, as an island of democracy, could be very important to the world.”<sup>12</sup>

Ambassador Lake's words can be seen as prophetic because it is irrefutable that Mongolia stands today as the greatest success story in Central Eurasia for ecopolitical reform and development among the nations emerging from the Soviet system. The transition was especially difficult if one understands that Mongolia, unlike Eastern European nations, did not have the underpinnings of a modern nation-state to rediscover and build upon. Mongolia's heritage is that of a nomadic economy of herdsman loosely controlled externally by a distant Manchu Chinese imperial system for 300 years, domestically governed by a princely class dating back to Chinggis [Genghis] Khaan's Mongolian Empire of the thirteenth century, and a Buddhist lamaist religious government in the early twentieth century headed by a Dalai Lama-like figure. For Mongolia's leaders from the communist-trained Mongolian People's Revolutionary Party (MPRP), as well as

the many young democratic movement activists, to embrace a modern constitution in January 1992 with representative parliamentary democracy that has been flexible enough to guide the country through great domestic and global changes is really a modern miracle comparable to the US Founding Fathers' Constitution. Have all the legal ups and downs over the past twenty-five years been correct or effective? Obviously, no. But has the direction the country followed been toward greater human economic and political freedom? The answer is unreservedly yes.

Mongolia's story during the past decades cannot be divorced from the history of Asia, including that of its giant neighbors Russia and China. However, Mongolia is not Russia or China. All three nations have experienced the collapse of old orders swept away by nationalism and revolution in the twentieth century and have been reborn in today's interconnected global world. Many Western nations, along with China and Russia, have forged strong comprehensive bilateral relationships with Mongolia during the past two decades. This fact, together with the great economic and political progress Mongolia has made during the same period, must not be overlooked when discussing present-day challenges. This volume will explain the complicated geopolitical environment the Mongols operate in, historically and today. It will attempt to illustrate the struggles and successes of Mongolian policymakers as they remade their society and government in the post-Cold War world. The role of the foreign community—diplomats, businessmen, non-governmental experts—and the impact of globalization are also major factors in Mongolia's development strategy. The chapters are arranged in a general chronological manner, highlighting specific critical junctures and trends throughout the democratic era. This book does not claim to cover comprehensively the major domestic events during this same time period, but, because in Mongolia domestic politics and international relations are closely intertwined, many of the key incidents and individuals are included.

## Notes

1. Chinggis Khaan is also known as Chinggis Khan, Genghis Khan, or Jenghiz Khan.
2. P. Stobdan, "India and Mongolia: Modi on Ashoka's Path," *IDS Comment*, Institute for Defence Studies and Analyses, May 13, 2015, [https://idsa.in/idsacomments/IndiaandMongolia\\_pstobdan\\_130515](https://idsa.in/idsacomments/IndiaandMongolia_pstobdan_130515).
3. World Bank, "The World Bank in Mongolia: Overview," 2012, <http://www.worldbank.org/en/country/mongolia/overview>.
4. *CIA World Factbook*, <http://www.indexmundi.com/g/g.aspx?c=mg&v=66>.
5. Enunciated in Kent E. Calder, *The New Continentalism: Energy and Twenty-First-Century Eurasian Geopolitics* (New Haven, CT: Yale University Press, 2012).
6. Reginald Hibbert and Ann Hibbert, *Letters from Mongolia* (London: Radcliffe Press, 2005); Daniel Rosenberg, "Leaders and Leadership Roles in a Mongolian Collective: Two Case Studies," *Mongolian Studies, Journal of the Mongolia Society* 7 (1981–1982): 17–51; Daniel Rosenberg, "The Collectivization of Mongolia's Pastoral Production," *Nomadic Peoples*, no. 9 (September 1981): 23–39.



7. Jambyn Batmunkh, ed. Dojoogin Tsedev, *Khuch Kherkhevch Khereglej Bolohgui* (Ulaanbaatar: Bidnii Mongolchuud, 2001), 21; Jambyn Batmunkh, *There Will Be No Use of Force Under Any Circumstances*, comp. D. Tsedev, trans. R. Baasan (Ulaanbaatar: The Mongolia Society, forthcoming).

8. В. Enkhtuul and Р. Оун, “Ж.Батмөнх агсны гэргий А. Даариймаа: Хань минь багшийнхаа ажлыг хийж байсан бол өнөөдөр амьд сэрүүн байх байлаа” [“Batmönkh’s widow A. Daariimaa: If my husband was working as a professor, he would have been alive today”], *Zuunii Medee* [Century News], April 18, 2011, <http://www.bolod.mn/modules.php?name=News&nID=54864>.

9. Morris Rossabi, *Modern Mongolia: From Khans to Commissars to Capitalists* (Berkeley: University of California Press, 2005).

10. Jonathan S. Addleton, *Mongolia and the United States: A Diplomatic History* (Hong Kong: Hong Kong University Press, 2013).

11. For example, Ambassador Joseph Lake, “Ambassador Joseph E. Lake,” interview by Charles Stuart Kennedy, Association for Diplomatic Studies and Training Foreign Affairs Oral History Project, September 5, 1994, <http://www.adst.org/OH%20TOCs/Lake,%20Joseph%20E.toc.pdf>.

12. Fred Shapiro, “Starting from Scratch,” *The New Yorker* (January 20, 1992), 39.