



Policy Forum 05-90A: Land of the Rising Khan: Moving the US Forward on a Mongolia Action Plan



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By Stephen E. Noerper

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I. Introduction

Stephen E. Noerper, Nautilus Institute Senior Associate and former director of the Nautilus Institute's Washington, DC office, wrote: "Mongolia also stands as a potential harbinger of democracy and transition from a Stalinist economy to North Korea - a mere 1800 miles away. Though the regime of Kim Jong-il has no ready inclination to discuss Mongolia's political model, it has expressed continued interest in how Mongolia had transitioned to free market capitalism and privatized eighty percent of once state-held assets."

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II. Essay by Stephen E. Noerper

- Land of the Rising Khan: Moving the US Forward on a Mongolia Action Plan
by Stephen E. Noerper

The November 2005 visit by US President George Bush to Mongolia - following on a late October visit by US Secretary of Defense Donald Rumsfeld - reflects a growing awareness of a new and rising Mongolia. Though a small country in terms of population and contemporary political importance, Mongolia deserves the enhanced US and international recognition given a decade and a half of progress on the roads toward democracy, a free market economy and active regional and international role. As Washington faces intricate challenges on the paths toward democracy in Iraq and elsewhere, Mongolia has quietly and resolutely laid democratic institutions and a process of governance that though facing many challenges, affirms US goals.

Situated between giants Russia and China, this land of blue skies lies at a cross roads of increasing geographic significance. The prospect of the uniting of an inter-Korean railway and transportation and energy corridors that link Asia and Europe imply added potential for the broad Mongolian expanse. Both China and Russia have expressed interest in mineral and energy resources within Mongolia, with copper mines in southern Mongolia potentially feeding the needs of eighty percent of the Chinese copper market. During the Cold War, Russia used Mongolia as a listening post onto China and the two giants in recent years have pressed Mongolia for support in a multilateral counterterrorism and economic development forum, namely the Shanghai Cooperation Initiative. As both giants have pressed trilateral and other arrangements, Mongolia has sought to counterbalance these external forces through propagation of its Third Neighbor approach, including good relations with the US and others as an important third spoke. Mongolia has emerged as an active proponent for regional institutions and actively encouraged attention from the United States, European Union, and others in fostering aid, foreign direct investment, and military cooperation.

To that end, Mongolia is advancing a regional peacekeeping training center and provided quick support to US campaigns in Afghanistan and Iraq. Among the first of Asian nations to offer condolences post-9/11, Mongolia, despite some internal controversy, afforded swift over flight rights to US aircraft toward Central Asia and committed troops to Operations Enduring Freedom and Iraqi Freedom. That participation has emerged more significant than one might assume of small nation support in several instances, namely in Mongolian troops' unique rapport with Hazara forces in Afghanistan (the Hazara being descendents of the Mongolian Golden Horde and identifying with the Mongolians on ethnic lines); in the skilled marksmanship of a Mongolian soldier in Iraq that prevented a suicide attack; and in the continued rotation of Mongolian troops into the combat theaters, despite some opposition at home and concerns more broadly across Asia. Former Mongolian President Bagabandi's 2004 visit to Washington came the same week as the Philippines' withdrawal from Iraq, underscoring Mongolia's continued support at a time difficult for the Pentagon. US Defense Secretary Rumsfeld's October 2005 visit to Mongolia aimed to express US

gratitude for Mongolia's cooperation on the security front.

Well beyond Afghanistan and Iraq, though, Mongolia has a larger and in the long-term more strategic role to play - one in US and regional interests. First and foremost, Mongolia, despite challenges to the process, is a potential harbinger of democracy for Central Asia, where autocracy continues to dominate, borne of the Stalinist legacy, and where energy reserves, energy access, and US military action to the south have led to a hands-off approach from Washington. The US would find ready results in supporting further Mongolia's own democratic consolidation and encouragement of the Mongolian model for the institution-weak States of Central Asia.

Mongolia also stands as a potential harbinger of democracy and transition from a Stalinist economy to North Korea - a mere 1800 miles away. Though the regime of Kim Jong-il has no ready inclination to discuss Mongolia's political model, it has expressed continued interest in how Mongolia had transitioned to free market capitalism and privatized eighty percent of once state-held assets. Beneath the rhetoric, North Korea desperately needs stimulation in its economy and will have to find ways to spur productivity and spin-off state-held economic behemoths of the Stalinist era. Kim Jong Il has demonstrated willingness in this regard through allowing small markets, Chinese businessmen, and South Korean economic cooperation at Kaesong and elsewhere. As North Korea scours the region for working models, China is less apt given economies of scale and Vietnam resisted, but Mongolia, the first nation outside the Soviet Union to recognize North Korea, presents an attractive model. This was expressed on a very personal level by the delegation of the North Korean foreign minister visiting Ulan Bator, as delegates appeared impressed by the rapid rate of construction in Mongolia's capital, the prevalence of cell phones, and the colorful swath wrought by Mongolia's dynamic and fashion-forward youth, hovering at hundreds of Internet cafes, and neon and video signage for everything from credit cards to international travel. What a striking thought that the Mongolian urban aesthetic had appeared so similar to that of North Korea little over a decade ago. Given Mongolia's continued relations with both North and South Korea, historical ethnic linkages, adoption of Korean War orphans from the North and recent quiet facilitation of North Korean refugees, and its low-key, small nation approach, North Korea appears to trust Mongolia in unique ways. The two have seen mutual exchanges at the popular levels, attendant discussions of a range of activities -- from small joint ventures to arts exchange and farming cooperation -- and some senior-level visits. One senior North Korean official described the Mongolians as "our only true friends" in the region, an area in need of confidence-building and where historical issues continue to impede progress.

To that end, Mongolia has floated in recent years the idea of Ulaanbaatar as a sight for regional negotiations. Mongolia has not been included in the current six party talks and its antecedents, which may provide even more reason to find fresh venues. This works on several levels. First, Mongolia is largely lacking in the realm of historical animosities that plague a number of bilateral relations among China, Japan, South Korea, North Korea, Russia and the United States. Its own historical animosities are toward China and are relatively muted given growing economic and political relations. Nothing by way of the resentments in China-Japan, Korea-Japan, Russia-Japan relations attendant to textbook, territorial claims and other such issues persist. Mongolia is a fairly blank slate for regional planners, who might see benefits in distancing talks from more traditional venues. Second, Ulaanbaatar's location is surprisingly convenient in the globalization era. Whereas it was once remote and at a seemingly far-flung corner of Northeast Asia, an increasing numbers of carriers and routes make it easily accessible, at only ninety minutes to three hours from every major Northeast Asian capital. Third, Mongolia has taken a lead in defining human security interests, hosting a United Nations Conference on Human Security. As has been seen throughout South and Southeast Asia in the last year, not to mention in the hurricane-wracked southern US, natural disasters and food and shelter shortages present new challenges and new suggestions for

government responses, institution-building, and military roles and missions. Mongolia, which has suffered under its own winter zud, which decimated livestock earlier in the decade, seeks to play an important role in hosting discussions meant at identifying common solutions to new security challenges. Interestingly, despite the zud, Mongolia quietly airlifted meat and other donations to the eastern part of North Korea after flooding in 2001 - a contribution that went largely without international notice. The US may find ready reason beyond the current peacekeeping initiative to encourage development in this area. The international community may as well as discussions on denuclearization of the Korean peninsula proceed, and as those discussions eventually get to broader issues of peace treaties, resolution of territorial differences, and common development needs and solutions for the region. Mongolia, with developmental challenges common to rural China, the Russian Far East, and North Korea, also will find itself linked in future talks on regional solutions, so bringing it to the table by meeting at its table makes sense. In the near term, Mongolia can contribute its development as a nuclear weapons-free zone (NWFZ) as a backstop to the current emphasis on the need for the two Koreas to return to their 1991 Denuclearization Agreement. Mongolia's Institute for Strategic Studies and the United States' Georgia Tech have hosted discussions on Mongolia's NWFZ, and the opportunity for discussions relative to the Korean peninsula awaits.

To realize potential on strategic cooperation fronts, the US and international community must find ways to help rectify Mongolia's political fragility. An observer of Mongolian politics sees many parallels to the personality-led, political upheaval of South Korea in the late 1980s, and the precariousness of the current process, especially in light of its potential role as exemplar, demand enhanced US support. Mongolia's embrace of the democratic process has been remarkably rapid in historical terms, especially given seven decades of communist rule. Mongolia hosted its first national elections and introduction of a constitution in 1992. Though the once-Communist Mongolian Peoples Revolutionary Party (MPRP) won that election, the opposition assumed the Presidency shortly thereafter. 1996 saw victory for the Democrats, but divisions saw a return to MPRP rule four years later. 2000 saw a win by a MPRP in Parliament, lopsided with control of all but four seats, and 2001 saw the MPRP's Bagabandi win a second term as President. However, it was the 2004 elections that provided the starkest challenge to democracy in Mongolia since its inception with essentially a draw in votes for Parliament. To his credit, then President Bagabandi, apolitical in his role by law, opted to allow the democratic coalition to strike at a bargain with the MPRP. Current Prime Minister Ts. Elbegdorj, a Harvard Kennedy School of Government graduate, has held together a fragile coalition in the ensuing months, with the greatest challenges coming not from the MPRP, but from within the democratic coalition. Former Prime Minister N. Enkhbayar moved to the speakership of Parliament and was elected President in 2005, visiting the United Nations and United States in fall 2005. President Bush's November 2005 visit comes at the invitation of President Enkhbayar.

Mongolian institutions have evolved with time and appear progressive relative to other parts of Central Asia. The passing of the Speaker of Parliament earlier in the decade saw a peaceful transition to a successor in a manner unheralded, but accordingly evident of how democracy had taken hold. Though evolving, Mongolia's institutions are in desperate need of professionalization support from the United States and others. Increasing charges of personal fiefdoms and corruption continue to concern donors and outside observers. A recent work on modern Mongolia by Morris Rossabi of the City University of New York and Columbia University calls into question the Washington Consensus and shock therapy, which created imbalances that led to graft. To its credit, Mongolia has several homegrown efforts to stem corruption, with former deputy speaker and present Member of Parliament S. Oyun and Mongolia's Zorig Foundation playing crucial roles in the push for accountability and good governance. From supporting such home-grown initiatives to providing technical resources and encouraging adjustments upward in public service wage levels, the US and international community can play a critical role in supporting Mongolian democracy in

consolidation. Pushes for further professionalization of media - fair and free by regional standards but under heavy political pressures - need to increase as well. Significantly, the all-crucial social contract needs to be fostered in Mongolia- as many citizens appear unaware of basic government services and the government cites the lack of an effective tax base for programs.

The US Agency for International Development (USAID) and others have made progress on many of these fronts over the years. In suggesting new aid streams, the Bush Administration recognized Mongolia as the only continental Asian candidate for its Millennium Challenge Account support - something that Mongolians hope will finally see fruition with the US Presidential visit. Designed to recognize countries that have moved forward on the road toward democratization and market reform, MCA support is aimed at education and business initiatives. An original truncheon of Mongolian proposals appeared more apt for traditional aid venues, but off the leading Mongolian proposals, the push toward education and English as a Second Language merits close review, as Mongolia will best ride the wave of globalization through educational enhancements and jobs. Washington recognized Mongolia's high literacy rate in awarding it MCA recipient status, and observers have likened its entrepreneurship and work ethic with that of South Korea a generation ago. Indeed, South Korean small business and investment plays a leading role in Mongolia, and US and Northeast Asian encouragement of education and jobs appears a real way forward. The Prime Minister and others have discussed possibilities for computers in schools and the development of a Mongolian technology support corridor, and support for basic educational reform and enhancements, English - an official language -- and new technologies appears a necessary prerequisite.

Worrisome to some observers, the very critical area of poverty alleviation has not appeared instrumental in the course of MCA review, and a revisiting of the aid process is critical to ensure that Mongolia is best served in meeting new challenges, such as rapid urbanization and the sprawl of ger villages on the outskirts of the capital. Many of these ger villages function without basic utilities and other services, and health and joblessness issues present tremendous obstacles for growth. Compounding the frustrations of extreme poverty in Mongolia - one third of Mongolians live below the poverty line - are perceptions of growing economic and social inequities. Shock therapy and the current economy have seen a very few become extremely wealthy and foodstuffs and fuel have skyrocketed, creating real fissures between the haves and have-nots.

Compounding these economic and social costs are issues like the price hikes associated with the cutoff of oil supplies in the wake of Russia's Yukos crisis, indicative of the suggestion that when China or Russia sneeze, Mongolia catches a cold. That may literally be the case in the severest manner as Mongolia confronts a range of non-traditional security threats in forms ranging from the H5N1 strain of avian flu to the HIV/AIDs pandemic, on the rise in neighboring China and Russia. Avian flu struck northern China in October 2005, and the migratory flocks that pass through could impact Mongolia in a manner that culling of poultry may not check. Hoof-and-mouth disease at times has led to Russian and other European blocks on Mongolian exports. The economic impacts of quarantines could compound state responses to the very real public health risks.

This evaluation of contemporary Mongolia, its challenges, and offering to the region underscore the need for the United States to adopt a comprehensive Mongolian Action Plan (MAP). Critical aspects of the MAP include:

1. A continued and significant upgrade in the status of Mongolia-US relations. Borrowing from the inclinations of the administration of George HW Bush, which provided early support for Mongolian democratization as follow-on to Reagan Administration support for the Modest Initiative, the current Bush Administration should further highlight Mongolia's political, economic and social transitions. Mongolia - with relatively minimal outside political support, aside from

economic aid from the international community - has managed its own process, and the US needs to applaud Mongolians' gains - especially as it seeks to expand democracy's global reach. Mongolia has seen a string of high-level visitors over the years -- then First Lady Hillary Clinton, then Secretary of State Madeline Albright, Supreme Court Justice Sandra Day O'Connor, prominent journalist Tom Brokaw and others. What it has not seen is a commitment that has included regular, senior Executive level visits, senior US Congress-Parliamentary exchanges, and others. In the course of daily management of relations, Mongolia merits higher levels of consideration at the Departments of Defense and State and in the National Security Council. For example, at State, Mongolia has been the charge of junior and mid-level officers also charged with work on China's economic relations. Mongolia needs to be sprung from the China desk and either grouped with Korea, with which it shares some commonalities and where it might be useful relative to the North Korea impetus, or left on its own. Stronger outward support needs to accompany structural approaches in the relationship. US co-sponsorship for Mongolian resolutions in the UN - such as that just proposed to mark the 800 th anniversary of Mongolian statehood and contribution to nomadic cultures - would be perceived by Mongolia as a step forward in support.

2. Upgrade in MCA support, educational exchange and institution-building. MCA and other new aid ventures need to be more clearly defined for the Mongolians and Mongolia appears ready given a revision of original materials and new leadership on the national council coordinating appeals on MCA. Early mentions of the program included suggestions of an expansion of Fulbright fellows to Mongolia of over 100 annually, with a similar number in return. As a former Fulbright Senior Scholar to Mongolia, I can think of few greater opportunities. Washington needs to encourage National Democratic Institute (NDI) offices in Mongolia, to accompany enhanced International Republican Institute (IRI) efforts and that of other US foundations and organizations aimed at fostering Mongolian solutions in meeting the needs of democratic consolidation and reinforcing institutions. It is critical to identify a few of the more creditable Mongolian entities that should receive the lion's share of US support; the Zorig Foundation stands as one such necessary recipient. The Open Society Institute (OSI) -- borne of Soros Foundation efforts in Mongolia -- represents a spin-off of outside-initiated programs into Mongolian hands.
3. Support for Mongolia's abilities to meet its new strategic realities. Mongolia needs friends to help address its security realities in new and creative manners. The October 31, 2005 Business Week, reviewing Robert D. Kaplan's work *Imperial Grunts: The American Military on the Ground*, described the contribution of former US Defense Attache Colonel Thomas Wilhelm in helping Mongolia define essential, new missions to: " secure Mongolia's borders not against a Chinese military invasion, which would be impossible, but against migration from that country and infiltration by Central Asian terrorists; improve its ability to respond to natural disasters; and train peacekeeping forces, which would raise the country's profile and provide diplomatic protection from Russia and China."
4. Support for Mongolia in regional security fora and contributions relative to approaches on North Korea and Central Asia. Despite support for Northeast Asian cooperation, some proponents have left Mongolia off the slate for track 1.5 (semi-official) and track 2 (unofficial) fora, such as the Northeast Asia Cooperation Dialogue (NEACD). This needs to be corrected in light of new security realities and potential contributions. This would include identifying Mongolia as a central location for dialogue on Central Asian Development - prominent Mongolian strategists have called for a defining leadership role to the countries to its west - and encouragement of Mongolian exchanges and confidence-building with North Korea. Discussion of Mongolia's NWFZ merits heightened attention in the context of the ongoing six party talks on DPRK nuclear issues. As the heady development challenges of infrastructure, energy, environment and poverty alleviation emerge, that process may expand or see spin-offs in the forms of expanded multilateral

organizations or initiatives - or minilaterals, more defined, mission-oriented, ad-hoc small groupings, to borrow from a former US Ambassador to Korea and head of the Korean Peninsula Energy Development Organization - that should include Mongolia. There has been suggestion in Mongolia by Koreans of Mongolian-hosted agricultural collectives employing North Korean labor and with South Korean investment; the argument is that this type of approach would benefit Mongolia and provide test-cases for inter-Korean cooperation. These type of approaches need to be encouraged in official, semi-official and unofficial processes.

5. Support for new economic initiatives, including enhanced foreign direct investment, development of a Free Trade Association, and encouragement of real progress on the Tumen River front. Mongolia needs to be included in and encouraged forward in its continued economic opening. The establishment of a Northeast Asia Free Trade Association with the United States, Japan and Korea would further enhance Mongolia's Third Neighbor options and reinforce the Mongolia-Korea-Japan natural economic territory. Japan has been Mongolia's largest aid provider, and South Korea plays a significant role as well. That territory could see US, Korean and Japanese banks and investors active in Mongolia and benefiting from Mongolian resources. A greater US commitment should realize a boom in Mongolian imports to the US and enhanced US tourism and investment in Mongolia - beyond mining to airlines (Boeing, US carriers), information services and elsewhere. So too, the US might push forward realization of the Tumen River Development Zone, which Mongolia early supported but which has seen minimal growth; a comprehensive package for North Korea might entail an active role for Mongolia in Tumen River development. These types of economic options are critical for a Mongolia that sees itself as highly dependent on China's economic boom. Having experienced nine percent economic growth annually over the past twenty-five years, China has emerged as the obvious regional economic leader. Though this may have immediate benefit in terms of increased demand for Mongolian resources, it also leaves Mongolia - like other small states in the region - in a bind given economic security concerns ranging from the influx of illegal Chinese labor into a state with a weak social safety net to broader geostrategic concerns about protection of vital resources and boundaries. Affording Mongolia alternatives is in the vital US interest -- as well as that of Mongolia - and it is crucial for enhanced regional development and security for the United States to move forward on the MAP.

III. Nautilus Invites Your Responses

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: napsnet-reply@nautilus.org . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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