Fig. 1 (left): Magtaal's socialist infrastructure, incl. its hot water, electricity and wheat sieving facilities (pictured here), was completely stripped for scrap metal in the post-socialist transition (Photo by the author, 2017).

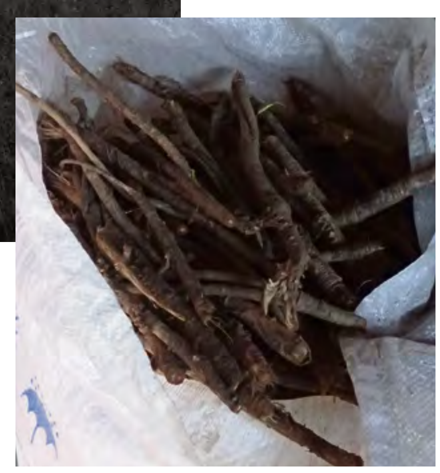

Fig. 2 (below): Dried (not fresh) Fang Feng plant root hidden away in a shed in Magtaal until it is taken by a trusted driver to the urban centre to send to China (Photo by the author, 2017).

Collateralising Mongolia's Wildlife

Hedwig A. Waters

Since the collapse of Mongolia's socialist republic in 1990, Mongolia has been plagued by chronic cash dearth. Both on the state and everyday levels, this has resulted in the common practice of financing livelihoods through credit, enabled through collateralising the products of the environment. This article argues that, particularly in rural Mongolia, general conditions of post-socialist stagnation combined with the expansion of microcredit have deepened the illegal wildlife trade as a subsistence and credit-repayment strategy. The mutual imbrication of consumer debt and wildlife extraction is illustrated through the emergence of the illegal trade in Fang Feng, a Chinese traditional medicinal plant, which is currently burgeoning across eastern Mongolia.

It is September 2017 in Magtaal, Mongolia's easternmost township thirty kilometres from the Chinese border, and there is not a soul to be seen. For four months over the summer and the beginning of fall, the ground surrounding Magtaal is dry enough, but not yet frozen, to facilitate the uprooting of *Saposhnikovia divaricata*, a plant coveted and renowned within Traditional Chinese Medicine (TCM) under the name "Fang Feng" (防风). All the activity happens behind the scenes and out of town – around 6:00 A.M., a flurry of motion loads residents into busses heading to the open countryside; and, at around 7:00 P.M., another flurry announces their return. Since the country of Mongolia began the transition from a socialist to a market democratic state in 1989, many remote Mongolians, like Magtaal's roughly 3000 residents, have struggled to find reliable formal employment. But, once the border to China opened to regular traffic in the mid-90s, these largely-unemployed, rural populations learned that decent income could be made by sweeping the steppe landscape for wild-growing resources in demand by Chinese buyers. Thus, on this September day, in the words of one resident, everyone "from the age of six to grandmothers in their sixties" was out in the open countryside gathering Fang Feng from the steppe.

Throughout the 90s and over the last two decades, the illegal wildlife trade – "illegal" because many of these resources are nominally protected under Mongolian environmental legislation – has ballooned in rural Mongolia as a reliable subsistence strategy for the poor. Although conservationist reports have now for more than two decades been documenting the unsustainable, post-socialist increases in the harvesting of diverse species – namely, antelope, gazelle, deer, bears, wolves, marmot, falcons, and more – from public land,[1] anthropologists have only recently substantiated these trends with ethnographic reports of the burgeoning deer antler and pine nut trades. During my doctoral fieldwork in Magtaal between 2015 and 2017, diverse residents estimated that up to 80 percent of the local population was involved in the illegal extraction, sale, and export of Fang Feng each fall. Many of these same residents were variously involved in the tenuously-legal export of Asian carp, wolf, antelope and hay in other seasons.

Consumer bank debt has played an important role in the expansion of the Mongolian illegal wildlife trade. The expansion of financial services to previously 'unbanked' populations has often been internationally lauded as an effective and noble development strategy because it increases the poor's access to banking technology (e.g., credit used to fund start-up microbusinesses). However, as astutely noted by David Graeber in his bestselling *Debt: The First 5,000 Years*, credit relations have often been morally justified through framing both debtor and creditor as equally-capable in choosing the terms of the contract and accessing resources to honour it. Since both actors are 'equals,' the logic goes, the relationship is ultimately beneficial for everyone and if one actor is unable to pay back, then it is their own culpability.[2] But these narratives discount the larger economic circumstances that determine a person's economic agency and access. In contexts like rural Mongolia, where individuals generally have few funds or economic opportunities (not to mention knowledge about contract negotiation), bank credit can quickly lock people in near-permanent indebtedness.

The result is an indirect economic disciplinary mechanism highly reminiscent of Graeber's discussion of the historical function of colonial taxation. By placing a taxation demand quantified in colonial currency on an unruly population, the sovereign circuitously forces it to adapt to state-controlled markets, devising methods and adapting cultural behaviour to create goods and services tradable for coinage (2011: 229-230). In Mongolia, after the rapid expansion of banking and credit instruments to both the urban and rural population in the early 2000s, many people found themselves without the funds to pay back their bank loans. In turn, there has been a sheer explosion in anthropological scholarship documenting the many strategies undertaken by Mongolians to navigate this now-commonplace experience of "living from loan to loan" within "webs of debt."[3] Whilst urban Mongolians might manage debt exigency by selling or pawning assets (like cars, apartments or iPhones), the rural poor often do not possess this option. Rather, in the following, I describe the emergence of the common post-socialist practice, repeated on both the national and everyday levels, of subsidizing under-financed livelihoods through bank debt maintained by offering up Mongolia's diverse resource wealth.

Fixing the back seam with the front seam

Prior to 1990, Mongolia was a socialist country with a centrally organised economy that was internally constituted by many top-down industries with near-universal employment. Once the Soviet Union began to fall, Mongolia began a fairly peaceful transition to a market democracy. At the time, international development and economic bodies recommended a programme of "shock therapy" – the rapid and widespread liberalisation of the economy – which, it was argued, would initially lead to high poverty but, over the long term, would encourage creative enterprise, leading to growing businesses, taxation revenue, and stable growth. During the same period, the first Prime Minister was anxious to safeguard the fledgling government's economic independence, focusing policy attention on minerals as an asset that could be leveraged quickly. In 1991, the state's industry was privatised, and its assets (like machinery, animals, etc.) were distributed to private citizens. In 1997, a highly-liberal Minerals Law was passed to attract international mining investment.

Keynesian economists have noted that developing countries that initially engage in protectionist policies have had greater long-term economic growth due to their ability to foster their fledgling industry until it becomes globally competitive. In contrast, rapid market liberalisation imposed austerity-like conditions on already struggling populations, arresting business growth.[4] In Mongolia, the privatisation of state assets was followed by punishing inflation of over 300 percent in 1992. This decreased the value of any private assets gained by citizens through the privatisation of state industry and caused a spike in poverty. Unable to create reliable income surpluses, the government grew dependent on foreign aid throughout the 1990s and early 2000s and, since the 2010s, on foreign borrowing.

In 2011, Mongolia's bet on minerals (copper and coal) temporarily paid off. A commodity price boom in China and massive mineral purchase jolted its economic growth into the fastest growing economy in the world. However, this deepened the country's dependence on mining income, and Mongolia went into a recession over the following years as commodity prices dropped, having been unable to translate mining revenue into long-term growth. A crucial point here is that underground minerals and fossil fuels are not a form of sustainable surplus income. Business enterprise usually involves the creative invention of a new product, which can be innovatively put together and sold at a surplus on inter/national markets. But revenue made from already-present resources which are merely taken out of the ground can be better described as the "reshuffling of a country's portfolio of assets,"[5] the exchanging of an asset from one form (resource) into another (cash) without the creation of new surplus.

During my fieldwork, informants used a Mongolian adage to describe this process of constantly moving around or converting assets, not to create long-term returns or growth, but to merely keep the lights on: "to take from the back seam to fix the front seam." An individual who is currently down on their economic luck might mend a tearing front seam by taking thread from the back of their clothing, navigating the situation to temporarily maintain their public image without fixing the underlying problem. Since the mining boom in 2011, the Mongolian government has become increasingly dependent on the issuing of government bonds onto foreign markets to refinance previous government debts. Such a tactic effectively moves cash around to pay off immediately-outstanding payments, but without paying off the debt principle. This economic model is only possible because of the country's mineral wealth, which acts as a form of collateral: converted into a temporary payment in boon times or used as an asset-guarantee during dearth.

Rural cash dearth and new entrepreneurialisms

In post-socialist Magtaal, everyday citizens mimic the state's example through new entrepreneurialisms. During socialism, the residents of Magtaal were employed in a centrally-organised agricultural state farm that functioned according to a paternal model, providing for the material needs of its workers. But when the state farm was dissolved in 1991, all of the workers became instantly unemployed and, even though it has now been roughly 30 years since socialism, two-thirds of Magtaal's remaining 3000 residents remain so. Since the transition to a market democracy, the Mongolian government has taken a hands-off approach to its rural citizens: cutting welfare, reducing government jobs, and decreasing its regulation of formal business with the goal of encouraging the growth of private enterprise. This strategy has been effective in its immediate intent: rural residents have invented a series of entrepreneurial strategies to access needed cash.

The most common entrepreneurial strategy is using the resources of the "commons," broadly defined, to make money in China. In September 2017, at around 7:00 in the evening after all of Magtaal's Fang Feng gatherers had already returned to town after a day's work, I sat with Amina, a 42-year-old Fang Feng picker, in her apartment as she explained to me how the plant gathering craze started. Amina was born in the 1970s during the state-farm era into a family of eight siblings that took care of and pastured with the farm's animal herds. Immediately after the collapse of the state farm, her family moved out into Magtaal's countryside, living from and caring for the herd animals they now owned. In this initial post-socialist period without any employment options, many of Magtaal's residents would go to the infrastructural remains of the state farm, sweeping it for any property (e.g., furniture, clothing, etc.) or picking from the still-growing wheat fields.

When the border to China slowly opened in the mid-90s, however, it instantly provided access to a market to which the cash-starved citizens of Magtaal could sell their products. During this period, a plethora of cross-border entrepreneurialisms emerged that focused on leveraging the difference between the borders: individuals either became "suitcase traders," traveling to China to buy cheap consumer goods and sell them at marked-up prices in Mongolia; or they procured in Mongolia anything they could lucratively sell in China. By the late 90s, the now-abandoned infrastructure of the state farm had become a public commons that residents routinely stripped for scrap metal to sell. During this period, Amina and many other residents moved to urban centres to try and improve their livelihoods, whilst those who remained behind, like Amina's siblings, gradually expanded their resource-extraction from the socialist infrastructure to the natural environment.

In the early 2000s, a Mongolian company decided to export fish from a lake in Magtaal, hiring seasonal labour from China. Two of these labourers realised after entering Magtaal that the open countryside was awash in untouched, 'organic' Fang Feng plants, highly lucrative for TCM on the Chinese market. They hatched a plan: they would source money in China and approach a local well-known Mongolian to become a "changer" – the Mongolian term for "middleman," which comes from the English word "(ex)change." This changer informed the local populace that the Chinese labourers were willing to buy Fang Feng roots at a kilo price if residents went out on their own, gathered the plant's roots, and brought them to him. At the time, since many Magtaal residents had no cash and were low on food, the changer would offer an advance of either food goods or cash. Using the advance to go out into the countryside, individuals would then pay the loan back to the changer in gathered Fang Feng.

In 2004, Amina, who had been living in Mongolia's capital city unable to advance her career beyond being a cleaner, moved back to Magtaal to discover that her entire extended family was participating in Fang Feng procuring. Even though, in the previous decade, wildlife extraction and trade had become increasingly prohibited according to Mongolian environmental legislation, the ongoing lack of other job opportunities meant that residents felt they had no other choice. Amina was also unable to find formal employment, joining her family members to create large picking parties that could effectively sweep the steppe for large hauls of Fang Feng. By the time of our interview in 2017, Amina and her family had already been illegally gathering the plant for over a decade, earning their yearly incomes every summer and fall by selling their bounty to Chinese-funded changers.

Debt-fare instead of wel-fare

The second entrepreneurial cash avenue that Magtaal residents increasingly became dependent on was bank-based debt. In the early 2000s, Mongolian urban-based consumer banks expanded their activities into rural areas, offering short-term loans to residents to either finance a start-up business idea or fund a consumer desire. Because in the post-socialist privatisation period all of the state farm workers had automatically received the ownership deeds to their socialist-era flats, each family in Magtaal had a form of collateral they could easily use to access a bank loan. Considering the ongoing cash dearth and lack of formal employment, many residents eagerly participated in these offerings.

For those formally employed in Magtaal, bank debt provides a supplement to their income. During my fieldwork, the Mongolian government, stressed by ballooning deficits, did not increase the salary of government workers (e.g., teachers, doctors, bureaucrats) for several years and often did not pay salaries on time. To navigate this instability and the shrinking value of their salaries vis-à-vis inflation, many formal employees took out bank loans when they needed extra cash. In 2009, after working full-time as illegal Fang Feng procurers for five years, Amina and her husband started formal jobs in the local school as a cleaner and night watchman, respectively. In 2017, Amina's daughter started university and, to pay the tuition, Amina took out a 'salary loan' from the bank: a loan that

Fig. 3: Local residents often travel in groups of trusted friends and family members to sweep the countryside for resources. Here, a group of berry procurers enjoy their day's haul (Photo by the author, 2017).

uses her formal salary contract as collateral, paying a lump sum upfront that is then slowly deducted with interest from her monthly salary. When I met her, Amina's standard salary was 125 USD per month, but, after receiving the loan, she was receiving 20 USD per month for two years until the loan was paid off. A local bank worker I interviewed in 2017 confirmed that of the roughly 600 formally employed workers in Magtaal, around 90 percent of them had ongoing salary loans.

For the informally employed – e.g., suitcase traders or resource procurers – bank loans were often used in an attempt to segue into a small business. In the late 2000s, local banks started offering several government-subsidised loans with the explicit aim of funding local start-ups, which were eagerly received by the residents. In hindsight, participating business owners told me that they had heard that taking out loans was how Mongolians were now supposed to 'participate in modernity' and the post-socialist economy. In the subsequent period, many new businesses popped up in Magtaal: vegetable-growing collectives, grocery stores, bread bakeries, cake shops, and computer businesses. However, in a town that suffers from cash dearth (thereby limiting how much consumers can buy) and also has few residents (ergo limiting the number of consumers), any market niche is quickly saturated – a small town can only have so many bakeries – with many of these businesses proving only meagrely profitable.

Thus, despite the best intentions of residents, the wider context of cash dearth, low formal salaries, and high unemployment prevented them from using bank loans as an avenue to financial freedom. In such contexts, bank loans with interest stipulations often lock people in chronic indebtedness, because they cannot be used to increase familial income but rather as replacements for government welfare, inflation-adjusted salaries, or formal employment.

Resources for debt (interest)

These conditions of protracted bank indebtedness – which include the added pressure of interest, requiring the return of more money than originally received – is only tenable because many Magtaal families supplement their incomes through illegal wildlife proceeds. Indeed, similar to their activities after the state farm collapse, changers benefit from local cash dearth and economic pressure because they offer cash advances, providing a quick and uncomplicated source of timely money at moments when families are struggling.

For example, in May 2017, Amina was approached by a local changer who had recently decided to participate in the upcoming Fang Feng season and had heard about her reputation as an effective picker. At the time, her various bank loans had stacked to the point that she had also received a high-interest loan from a moneylender to pay for food and her son's school clothing. The changer offered Amina an advance of 417 USD (almost four times her monthly salary). This would allow her to quickly pay off the moneylender loan to relieve economic pressure, but it also obligated her to work for him in the coming summer to pay back the advance. Amina agreed, and by the time I interviewed her in September, she happily retold how she had already procured enough in the season to not only pay back the advance but also to significantly reduce her ongoing bank loans. "There is no one in Magtaal with enough money," she explains. "Those with government jobs all have bank loans, and those without jobs all are running around fixing the front seam with the back seam."

At the Mongolian government level, fixing the front seam with the back seam describes the nation's post-socialist struggle to make reliable profits, relying instead on trading its underground assets into money to finance borrowing. At the Magtaal township level, a very similar dynamic is afoot. There are only two economic flows that transit Magtaal, which residents rely on, juggle, and shift between to maintain their lives. First, there is a flow of consumer debt from Mongolia's urban centres, which is legal yet laced with interest stipulations. Second, there is a flow of illegal, cross-border yet interest-less, direct cash for wildlife from China. Because participating in Mongolia's formal economic system entails mortgaging one's future – being locked into cycles of debt through underpay or unemployment – residents are indirectly encouraged to participate more in illegal, cross-border, Chinese-originating flows. Faced with the economic disciplinary mechanism of bank interest, local residents have little choice but to participate in those economic opportunities that have no interest burdens, taking more and more wildlife from the environment to fulfil bank requirements. Here, too, residents, unable to economically thrive within the post-socialist market democratic system, collateralise the environment to fund their debts.

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Notes

1 Most notably the Silent Steppe reports written in 2006 and 2018, respectively.
2 Graeber, D. 2011. *Debt: The First 5,000 Years.* Brooklyn, N.Y.: Melville House.
3 For an overview, see the UCL Emerging Subjects blog series on 'Debts and Loans': https://blogs.ucl.ac.uk/mongolian-economy/2016/04/06/blog-series-on-loans-and-debt/
4 Hamm P., King L.P., Stuckler D. 2012. Mass Privatization, State Capacity, and Economic Growth in Post-Communist Countries. *American Sociological Review.* 77(2): 295-324.
5 Stevens, P., Lahn, G., Kooroshy, J. 2015. *The Resource Curse Revisited.* London: Chatham House.