Mongolia declares state of emergency following violent protests

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Mongolian President Nambaryn Enkhbayar declared a state of emergency for four days from July 1 to crack down on political unrest in the capital, Ulan Bator. Although the anti-democratic measure has since been lifted, the underlying political issues and social tensions are far from resolved.

The emergency was imposed after 8,000 protestors stormed the headquarters of the ruling Mongolian Peoples Revolutionary Party (MPRP) on July 1. The protests were initially called by the Democratic Party (DP) and other opposition parties over allegations of government vote-rigging in parliamentary elections on June 29 but quickly became a vehicle for broader popular anger and discontent over rising inflation and deepening social inequality.

Demonstrators clashed repeatedly with police who used tear gas, water cannon and rubber bullets to suppress the protest. Five people were killed, 329 injured and more than 700 arrested. Angry protesters attacked government buildings, including the office of General Election Commission, torched cars and pelted the police with rocks. The Palace of Culture, which houses the state museum and theatre, was looted and burned.

Interior ministry troops were deployed in the capital to enforce the state of emergency, which included a ban on alcohol, a night curfew and the shutting of all media except state-controlled outlets. Justice Minister Tsend Munkh-Orgil declared: "This is the first state of emergency in Mongolia and I hope it will be the last." At the same time, however, he warned that the regime would "use necessary force to crack down on criminals who are looting private and government property".

The General Election Commission confirmed the election results on July 3, which gave the ruling MPRP a majority in the 76-seat parliament or State Great Hural. The MPRP won 47 seats, compared to 26 for the opposition DP. Three other seats were won by independents or small parties.

The DP claimed the results were fraudulent, but to date has provided little evidence. Such complaints have been lodged after virtually every election since 1990. International observers noted that the outcome was close to that predicted by pre-election polling. They said minor irregularities had occurred mainly due to the introduction of a new system based on multi-candidate constituencies.

Prime Minister Sanjagiin Bayar has accused the DP, which provided free alcohol at the initial protest, of inciting the violence. Underlying the protests, however, are very sharp social tensions. Sumati, head of the local Sant Maral polling group told the *Financial Times*: "Such events are easily ignited... it could have been a football victory or loss. In Ulan Bator there are plenty of people who are unemployed or below the poverty line and some are looking at [such violence] as entertainment."

Ulan Bator is home to half of Mongolia's three million people and the centre of a relatively new working class. On the eve of the election, Reuters reported: "In the poor suburbs of Ulan Bator, where many are without sewage treatment and disconnected from the city's power grid, residents were anxious to reap the benefits of Mongolia's 9.9 percent economic growth and feeling the pinch of inflation."

Dorjin Khurelbaatar, a worker, told the BBC: "This has been building for a long time. People are fed up with this party. When people are pushed, they will push back. Now we see the result." The BBC described the frustrations generated by the widening gap between rich and poor: "While the new rich—made wealthy, in part, by the recent exploitation of the vast landscape for mineral wealth—drive expensive SUVs and dine in swanky foreign-owned restaurants, a third of the population struggles to survive on $2 a day."

According to the World Bank, one fifth of the population is unemployed. The rural poor are moving into Ulan Bator looking for work. Tmujiin Bayarra told Agence France Press (AFP): "I had hoped that I was going to have a better life than in the countryside but when I came here, there was nothing to do." Dondogiil Amgalan, who graduated from a technical university in 1973, worked in a state industrial firm before being laid off in 1996 and now survives by collecting scrap. "We don't have any support from the government, and we don't have any work, so will stay here [a rubbish tip]," she said.

A WSWS reader from Ulan Bator explained: "This riot should show that capitalism has not been the positive answer in Mongolia that it was famed to be. Nor is Mongolia a shining star of the new democracies in the world. The large amount of anger that was able to be fomented from such a seemingly minor event should show that the social polarisation caused by corrupt capitalist politicians and Western investors alike has severely unbalanced this country, almost to the point in which the illusion of democracy can no longer be maintained."

Mongolia is particularly vulnerable to global economic turbulence. In the early 1990s, it suffered from declining world copper prices and a series of natural disasters. Its economic recovery was dashed by the Asian financial crisis in 1997-98, which led to the collapse of exports and public revenue. The recent boom driven by China's demand for minerals is fragile. High commodity prices have only benefitted a small elite layer, leaving the masses to deal with inflation of 24 percent during the past 12 months.

Mongolia has estimated reserves of 3,000 tonnes of gold, 30 million tonnes of copper (the largest in Asia) and 150 billion tonnes of high quality coal (the largest in the world). The country also has the

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world's second largest reserve of uranium, a large quantity of silver and substantial amounts of other minerals. Since the economic opening up of the country in 1990, European, US, Chinese, Russian, Korean and Japanese corporations have all been competing to stake their claims.

After a wave of protests in 2006, the MPRP government was forced to impose a tax of 68 percent on profits derived from gold when the price exceeds $500 per ounce and copper when it hits $2,600 per tonne. As a result, many foreign firms pulled out, as the new taxes made their operations unprofitable. Gold smuggling, especially to China, is on the rise, with miners trying to avoid selling to the central bank at after-tax prices.

Both the MPRP and DP have agreed to amend the mineral law to restore profitability, but differ in their approach. The MPRP favours large government stakes in the mining projects, while the DP has called for more involvement by private Mongolian companies. A major election issue was an agreement with the Canadian-based Ivanhoe Mines and Anglo-Australian giant Rio Tinto for a $3 billion copper-gold project in the Gobi Desert, which will be one of the world's largest copper mines and boost the country's economy by one third.

The project has been stalled for years by conflicts in the Mongolian political establishment. The MPRP signed the agreement in June 2007, in return for a 34 percent government stake in the project. But it was forced to withdraw in December after smaller parties and independents in its unstable government opposed the deal. The MPRP's electoral victory is a clear boost for the project.

Mongolia has a very limited history as an independent state. In its rivalry with Britain at the turn of the twentieth century, Tsarist Russia backed Outer Mongolia's declaration of independence from China following the implosion of Manchu dynasty in 1911. Following the Russian Revolution in October 1917, the Red Army captured the region after crushing the White Guards based there.

The emergence of the Stalinist bureaucracy in the Soviet Union and its betrayals of the international working class had a terrible impact in Mongolia. The Peoples Republic of Mongolia was effectively transformed into a buffer state ruled by the dictatorial MPRP regime, which was utterly dependent on Moscow. Stalin's forced collectivisation of the region's herds of cattle in late 1920s triggered widespread unrest, which was followed by a brutal crack down. Another wave of repression took place during the "Great Terror" of the 1930s.

Soviet aid led to limited industrialisation after World War II. In the 1960s, Moscow deployed large numbers of troops in Mongolia as relations with China deteriorated. In return, Ulan Bator received support for its own formal independence and a seat at the UN. Amid the deepening economic crisis in the Soviet Union in the 1980s, the MPRP became a champion of the program of "perestroika" or capitalist market relations.

The emergence of opposition "democrats"—the forerunners of the Democratic Party—took place before the final collapse of the Soviet Union in 1991. Soviet aid, which accounted for a third of Mongolia's economy, dried up. Between 1996 and 2004, a DP-led coalition government unleashed an aggressive pro-market program. The widespread privatisation of state-owned enterprises and entry of foreign capital fostered the development of a small, wealthy business elite and growing popular hostility to the DP regime.

At the same time, Mongolia's relative stability stemmed from the normalisation of relations between Moscow and Beijing in 1989. Mongolia, however, has increasingly turned to the US and other Western powers. It joined the World Trade Organisation (WTO) in 1997. Ulan Bator sent small numbers of troops to support US-led wars in the Balkans, Afghanistan and Iraq. In 2005, Bush became the first US president ever to visit Mongolia as part of plans to turn the country into an American bulwark against China and Russia.

The Mongolian regime confronts a sharp dilemma as it seeks to manoeuvre between great power rivalries. It is dependent on Russia for 95 percent of petroleum products and large portion of its electricity supply. China is its largest economic partner, accounting for 70 percent of exports and half of foreign investment. Moscow and Beijing have both encouraged Mongolia to join their Shanghai Cooperation Organisation (SCO), which is aimed at countering the US presence in the region.

Following the latest protests, Beijing called on Mongolia to maintain political stability and Moscow urged tough action against "unlawful" elements. Their concern is that the social unrest will be exploited by Western powers to install a more sympathetic regime, as has taken place in the former Soviet republic of Georgia.

The Russian-based RIA Novosti news agency noted: "Mongolia's civil movements and the opposition Democratic Party receive funds through NGOs, leading analysts to suspect Western involvement. The West would benefit from bringing the Democratic Party to power, because this would give it a chance to negotiate access to Mongolia's mineral resources."

The *Wall Street Journal* commented on July 7: "As mining companies have depleted resources elsewhere, many of the country's best mineral assets were left untouched. That puts Mongolia among a handful of developing countries—including troubled places such as the Democratic Republic of Congo and other parts of Africa—that still hold promise of big riches for Western miners."

As in Africa, the scramble by corporations and major powers for profits and strategic influence in Mongolia is likely to produce further political instability and unrest. The last consideration in Western capitals is the deepening social distress and lack of basic democratic rights confronting the vast majority of the population.

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