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Patterns of mutual assistance in the Mongolian pastoral economy

Louise Cooper

Decollectivisation of herding production within the Mongolian pastoral economy has led to increased wealth differentiation between herding households as some are more able than others to respond to increased market opportunity. As the burden of responsibility for the provision of essential inputs and marketing services is transferred from the state onto the individual, so certain categories of the population have become increasingly marginalised within herding production. With only limited state support to poorer and vulnerable households being maintained, the importance of localised, kin-based customary institutions in sustaining the labour and consumption requirements of the most vulnerable is increasing.

Introduction

This paper discusses the levels of informal support available to poor and vulnerable households in the Mongolian pastoral economy in the context of transition from a socialist to a market economy. The paper argues that as the level of formal support to herding households falls away so the importance of informal safety nets has increased. This is seen in increased reliance on traditional forms of social organisation and patterns of mutual assistance.

The information in this paper is based on field work carried out in Mongolia in Autumn 1992 and between July and November 1993 as part of the Policy Alternatives for Livestock Development (PALD) project in Mongolia.

The structure of the paper is as follows: first there is an outline of the recent changes in the organisation of herding production in Mongolia and the differential impact on herding households that these have had. A description of vulnerable groups and the levels of formal support available to them is followed by discussion of the role which customary institutions are currently playing in supporting weaker members of the herding population.

Background

Since 1990, Mongolia has experienced rapid economic and political change as it moves from a centrally planned to a market based economy. A major part of its programme of economic transformation has involved reform of the agricultural sector made up largely of extensive livestock husbandry or semi-nomadic pastoralism.

Between 1950 and 1990 all members of the rural population were collective (*negdel*) or state farm employees. The collective was primarily an economic unit owning animals, and responsible for marketing livestock products, supplying inputs and consumer goods as well as fodder and transport services to its members. The collective covered the same territory as a single district (*sum*), itself responsible for providing health, education and veterinary services.

Collectives were divided into production brigades or teams, which were further broken down into *suuri* individual production units made up of between one and four households. The collective set production targets for each *suur* determining the quantity of meat, wool and other products to be supplied according to the annual state procurement order. Each *suur* was usually in-

volved in the production of a single species herd for which a monthly salary was paid. Households also owned a small number of private animals which could be sold or used for their own consumption (Mearns 1991).

In September 1991 the collectives were privatised as part of a major programme of economic liberalisation undertaken by the Mongolian government. Collectives have been transformed into shareholding (joint stock) or limited liability companies, voluntary cooperatives or disbanded altogether (Mearns 1993). Where collectives have disbanded herders are fully private and entirely responsible for marketing their livestock. Where companies remain their management and organisational structure is very similar to that of the collective. In some cases animals are privately owned but herders are supported by collectively managed services provided by the company; in others herders lease livestock from the company, receive a salary and supply livestock products as under the collective.

The provision of inputs and services to herders in the transition period has been severely constrained by economic and logistical problems. Rising fuel prices and fuel shortages have affected the harvesting of fodder and the supply of supplementary feed, the availability of transport for nomadic moves and transportation of livestock products to urban centres. Even where subsidised services still exist they are often erratic or provided at a high cost. Veterinary and medical services in many areas are also introducing elements of cost recovery (PALD 1993a). As the cost and burden of risk inherent in herd production is gradually transferred from the state onto the individual, herders are reverting to traditional risk management strategies, developing multi-species herds and returning to customary and more localised levels of cooperation for the management of labour and the production of hay and other inputs (PALD 1993b).

These changes have led to some increased wealth differentiation among households as some are more able than

others to cope with the increased burden of risk, the rising costs of inputs and marketing responsibility. The nature of differentiation and its impact on the more vulnerable sections of the herding population is discussed below.

Wealth differentiation among herding households

During the pre-revolutionary period wealth differentials between herding households were high. Society was organised along feudal lines with a very uneven distribution of livestock between rich and poor. Humphrey notes that in Tsetsenkhana *aimag* in 1890, feudal lords owned an average of 230.8 head of livestock while personal serfs had an average of 3.3 head of livestock. (Humphrey 1978) Poor households were forced to enter into labour relationships with richer households to survive, herding livestock in exchange for the consumption of livestock products.

Under collectivisation, wealth differences between herders certainly existed but were less clear as limits on private livestock holdings were strictly enforced until the mid 1980s. However, data from Hukh Nuur brigade, Ikh Tamir *sum*, Arkhangai gathered in 1991 found that private herds ranged in size from under 30 to 100, while in Tsagaan Khutul brigade, Erdene, Dornogov' the range was between 30 and 200 (Mearns 1991).

Salary ranges also allowed for differentiation among households. Herders were rewarded for their herding skill and paid salaries according to the total number of animals and type of species herded. Large animals (cattle, horses, camels) were usually allocated to the most skilled (and often the most wealthy) herders. In Tariat *sum*, Arkhangai, for example, annual salaries ranged from 6,000 tug for a seasonal milking worker to between 10,000 and 20,000 tug for permanent herders. The largest salaries went to those with the biggest herds and to those who best met or surpassed

production quotas (Interview, *negdel* chief, Tariat *sum* 1993)

There is some evidence that existing wealth differentials have increased following privatisation, both in terms of the distribution of private livestock holdings and levels of household income. Data gathered in 1993 found wide differences in private herd sizes among households. In Tsagaan Nuur *bag*, Tariat *sum*, Arkhangai, household herds varied in size from less than ten to 180, while in Dörvölj *bag*, Erdene *sum*, Dornogov', they ranged from 25 to 550 (PALD 1993b).

Analysis of annual household incomes in six sample *sums* in 1993 found that average per person incomes net of own consumption of the poorest herders, were around a third less than those of middle income and nearly half the size of those of richer herders. (*ibid.*) This resulted in clear differences in income and expenditure patterns between rich and poor households.

In terms of income composition, the proportion of income from sales of livestock and livestock products was the highest for poorest herders, a fact perhaps explained by their need to sell products in order to purchase basic goods (such as flour) despite the unfavourable terms of trade for rural producers which currently exist. Unlike wealthier herders who may have the ability to withdraw from the market until conditions are more favourable, this is not an option for poorer herders who are likely to need to purchase a high proportion of foodstuffs if their own supplies of milk and meat are insufficient. Households without sufficient meat or milk supplies during the summer may consume flour almost exclusively for a number of months, much of which is purchased using salaries or benefits.

To illustrate this point, compared to the other households in the sample, the poorest households spent the greatest proportion of their income on purchased foodstuffs (notably flour), and the least on clothing, boots and essential inputs such as fodder and hay, usually relying by necessity on home produced feed supplements.

The differential ability of wealthy and poor households to access key inputs makes poorer households potentially more vulnerable to livestock loss from disease or climatic stress from heavy snow or *dzud* (freezing snow or ice). The example of Bayankhongor province where *dzud* disaster was experienced in the western districts in March 1993, is a case in point. While wealthier households were able to respond by drawing on existing fodder reserves, purchasing new supplies and arranging transport for fodder delivery or the movement of livestock, poorer households often had no fodder reserves and no cash or draught animals to gain access to any. This was a major contributing factor in these households incurring heavy livestock losses.

This evidence suggests that certain categories of household are becoming increasingly marginalised in herding production. The nature of these households and the reasons for their marginalisation is discussed below.

Marginal, poor and vulnerable households

In the context of liberalisation the ability of herders to survive under market conditions depends on their ability to secure the conditions for maintaining and extending existing livestock holdings. This requires adequate labour, strong herding skills and, as we have seen, access to essential inputs such as supplementary feed (Danagro 1992). In the absence of the collective infrastructure which supported economically weaker households in the past, those categories of household unable to fulfill these requirements are becoming increasingly marginalised in herding production. These include:

- households with insufficient private livestock holdings to sustain themselves and their family independently. These include younger herders from poor households and most often single headed households

with a historically small livestock base who previously relied on *negdel* salaries to maintain their status as viable herding units:

- households with insufficient labour or ability to command extra labour. This applies primarily to households at an early stage in their life-cycle with few labour age children capable of contributing to herding production and women heads of household with potential difficulties in securing labour and resources. As households pursue lower productivity, more risk-averse production strategies and increase the amount of labour time devoted to initial product processing, labour availability has become more critical;
- households with limited skills and herding knowledge. A strong reliance on technical assistance and inputs under collectivisation has potentially reduced the range of herd management skills employed by some herders. In addition recent patterns of urban-rural migration has led to an increase in the numbers of young and inexperienced herders (Mearns 1993, Potkanski and Szykiewicz 1993). In some areas these include people who entered herding production immediately before privatisation to benefit from the privatisation of livestock and former employees of state farms and *sum* organisations who returned to herding following job losses after liberalisation;
- households external to direct herding production largely for reasons of ill health or old age. These households whose welfare was largely dependent on social security under collectivisation are now particularly vulnerable to the effects of current rationalisation of the benefits system and are likely to rely more heavily on the support of wider kin in the future.

The range of support available to these households is considered below.

Formal support to poor households and social safety nets

Traditionally in Mongolia there has existed some level of institutionalised support to poor and vulnerable households. In the pre-revolutionary period this took the form of the local (*Khoshuu*) administration and the monasteries; in the collective period the *negdel* and *sum* administrations had primary responsibility for preventing destitution and providing support in the event of natural calamity. This institutional continuity is seen as important in reflecting both the level of institutional support currently provided by the ex-*negdel* companies and by the level of expectation of herders themselves.

In the pre-revolutionary period, both long-term and emergency assistance was provided unofficially by monasteries with poorer households often sending young boys to a monastery as a form of social insurance. (Potkanski and Szykiewicz 1993) However the high proportion of assetless or destitute individuals and unequal wage labour relationships between rich and poor households suggests that any assistance to the poor was marginal. It is not surprising therefore that the greatest support for collectivisation following the 1921 revolution came from poor herders seeking a way out of destitution through socialist reform (Humphrey 1978)

Under collectivisation, inequalities between households were compensated by substantial state and collective interventions. Poor herders were automatically supported by the range of inputs and other services provided by the collective, including regular monthly salaries which were often paid in advance. In addition the collective supplied assistance to labour-deficit households during periods of peak demand and poor households received additional livestock for household consumption if their own herds were insufficient.

Currently the ex-*negdel* livestock companies are playing an important role in continuing this safety net to herders. In some areas herders are given advances on

salaries and on expected supplies of livestock products, as well as subsidised transport, fodder and hay supplies. Some companies also contribute to emergency payments in the event of calamity. Salaries themselves (where they exist) are an important safety net, giving households greater opportunity to purchase foodstuffs on a regular basis without resorting to sales of livestock for this purpose.

Poor households are also supported by the wider ranging pensions and benefits system and by a system of poverty funds operating at local level. The latter only provide limited support however, since they receive minimal and irregular funding from district administrations and rely heavily on contributions from private organisations. Given their small funding base, these funds target households which fall below the national minimum living level of 1400 tg. for rural areas and are limited to providing one-off cash assistance to cover peaks in household expenditure and emergency medical or travel expenses. The future of these funds is uncertain and the level of support minimal. In addition, with the state social security system currently being rationalised this all encompassing support is unlikely to continue far into the future.

With state social support systems unstable or inadequate and the level of company support currently experienced by herders unlikely to survive increased market development, the importance of customary institutions in providing support and security to poor and marginal households is increasing. The nature of these institutions and their current status as supporting mechanisms to vulnerable households is discussed below.

Informal safety nets and forms of redistribution

As households become increasingly vulnerable during a period of transition or crisis, they tend to make claims for assistance (in the form of labour or resources) on other

households within the community. In all societies there exist a range of redistributive mechanisms and institutions through which resource flows between households are managed and maintained. During periods of relative stability or prosperity households are likely to invest in these institutions (through gift giving etc.) as a means of confirming social status and determining their right to make claims against them in times of crisis or need (Swift 1989)

With the existence of the kinds of formal support systems discussed above, it has been argued that in Mongolia there is a "lack of [any] clear, specialised redistribution, or mutual assistance mechanisms within the social system" (Potkanski and Szykiewicz 1993). However, a number of customary institutions exist which allow for some redistribution of livestock and labour and which act as important mechanisms by which households make investments in the local community over the longer term.

Redistribution of livestock

The most significant customary institutions for this purpose are based on gift exchange. Traditionally, the principal occasions where livestock are given as gifts are during *nair* ceremonies. These are feasts organised to celebrate a marriage or a child's first hair cutting (Potkanski and Szykiewicz 1993). Marriage ceremonies act as a form of pre-inheritance with both partners receiving a share of livestock from the herds of their parents and of other close relatives. A child's first hair cutting occurs between the ages of three and five and a ceremony is arranged for this purpose. Children receive a range of gifts from relatives and friends including livestock, money and clothing.

These occasions are an important means by which households make long term investments in their herd and in the future herds of their children. While the ceremony itself requires considerable short-term investment by the household the long-term benefits are high. A household of average

wealth giving a *nair* for two children may slaughter one large and one small animal and provide milk products and other food stuffs for the ceremony. Each child will receive around five small stock plus other goods in return. Under current market conditions however, the ability of poorer households to afford even a modest *nair* is limited, although they may have the opportunity to borrow foodstuffs and other goods from relatives to ease the immediate costs of the ceremony.

Households also receive animals from relatives during *tsagaan sar* (New Year) which occurs in the month of February. Although not traditionally an occasion where relatives exchange livestock as gifts, this may become an increasingly important mechanism by which poorer households are able to receive livestock from wealthier relatives. Young animals received by the children of a poorer household from a wealthy relative during *tsagaan sar* can be used to pay back loans of livestock (made by the same relative) the following year. Poorer households who make regular claims on wealthier relatives recognise the importance of repayment to ensure that similar claims can be made in the future.

The redistribution of labour

The redistribution of labour is made through the common practice of adoption which serves to solve the subsistence problems of those with many children and fulfill the labour requirements of those without. Children are adopted largely from relatives or close friends since it is recognised that the exchange is an unequal one (Potkanski and Szykiewicz 1993). This is an important means by which women-headed households, especially, are able to gain access to sufficient labour.

Patterns of social organisation

The redistribution of livestock and labour is mediated through specific forms of social and economic organisation which also act as mutual support systems for poorer households. The most important of these is the *khot ail*, a level of household organisation which existed prior to collectivisation whereby a number of households cluster in a single camp and move and work together as an autonomous herding unit.

In many areas of Mongolia the *khot ail* has re-emerged following decollectivisation largely to cope with the increased labour required by diverse herd structures. There is considerable variation however, in the size and types of *khot ail* camps which have emerged; in high potential areas they can involve between five and 15 households, in low potential areas as few as two or three.

In general, there are three main types of *khot ail*:

- those comprised of close kin (most usually headed by a father and his married sons and daughters) and with no related households.
- those comprised of a central core group of closely related households (as above) but with additional unrelated or temporary member households.
- those made up of loosely related or unrelated households with no clear dominant family group (PALD 1993b).

In *khot ails* of the first type, membership is permanent throughout the year with member households sharing winter and spring shelters and making seasonal moves to the same pastures. Often where these *khot ails* are very large, they may divide into one or more shelters for winter and spring periods. Larger numbers of these types of *khot ail* are found in high potential areas where the proportion of private livestock ownership is high and where most winter and spring shelters are also privately owned.

In *khot ails* of the second type membership is more likely to be seasonal with non-related members often joining a *khot ail* for

a specific periods when they perceive the benefits of association to be highest. For example, a household with a sizeable herd and adequate labour may herd independently during the summer (benefiting from the exclusive use of high quality pasture), but will join the *khot ail* for collaborative herding in the colder more difficult months of autumn and winter. Membership of the *khot ail* in these cases is often based on long term association with the core household group or on quasi-kin status with links through adoption.

Khot ails of the third type also have more fluid membership as their composition is not so tightly based around a core kin group and is often comprised of some herders relatively new to the area. These types of loose and often highly seasonal *khot ail* are commonly found in areas now controlled by ex-state farm livestock companies. These companies have retained considerable control over the organisation of herding production and own the majority of livestock and shelters so households often form different *khot ail* in different seasons according to company requirements. As a result summer *khot ail* are often composed of loose relatives or friends who herd the same species for the company and who form a wider group or milking *ferm* (or *suur*) composed of four or five *khot ail*. They may form separate *khot ail* for autumn and spring and split up again for winter.

Benefits of *khot ail* relationships

Households form *khot ail* largely to capture economies of scale in herding production. The significance of the *khot ail* in this respect varies however, between the occasional pooling of labour between otherwise independent units, and a high degree of species specialisation between households.

Within some closely knit *khot ail* individual households often herd one species for the entire *khot ail* on a long term basis, thus reducing the overall labour input required by individual members. In other

areas where there is no such specialisation most *khot ails* rotate herding tasks between member households every three to five days. Rotational herding of this kind has particular importance in the post-*negdel* period since it allows households to free labour for tasks which have become increasingly important since decollectivisation, such as cutting hay and a wide variety of product processing.

Households also pool resources for a variety of tasks such as vaccinating livestock, transporting milk for processing, moving, collecting wood, cutting hair and wool and preparing and mending winter shelters. In some cases there is also cooperation in the training of animals, hunting and in the preparation of *nair* celebrations.

This division of labour is particularly beneficial to labour-deficit households (young single headed households and the elderly) who are not normally required to perform herding tasks and whose labour is often freed for household and other tasks. In addition the existence of a broad base of available labour within the *khot ail* can serve as an important risk minimising strategy in the event of natural calamity. In sudden heavy snows large amounts of labour are required to bring animals to camp shelters quickly and to provide constant watch to ensure their immediate safety. Households with few labour resources rely on the assistance of others under such circumstances and livestock loss is minimised as a result. Other social risks such as temporary or permanent loss of labour within a household as a result of sickness or absence can also be accommodated within a *khot ail*, with other households giving assistance in a range of herding and household tasks.

In areas of lower ecological potential where *khot ails* are not a viable form of social or economic organisation, labour relations between households are often confined to pooling transport for nomadic moves, training animals, felt and hay making. The absence of *khot ails* in these more marginal environments however, does not exclude a whole range of informal labour

relationships between households in a single neighbourhood or family group which come into play as and when necessary.

The *khot ail* as a social safety net

In addition to the advantages in the allocation of labour, the *khot ail* provides an important social safety net to poorer households. This is achieved through a whole range of loans and exchanges which take place between member households. These range from the regular exchange of everyday goods to the loan of livestock for specific purposes.

Loans of food stuffs

Loans of basic food stuffs (small amounts of flour and salt, tea, matches, tobacco and candles) occur regularly within *khot ail* and reflect the need for mutually supporting exchanges in an environment largely isolated from markets. These loans are made on an almost daily basis across all wealth categories and are paid back on a frequent basis. Loans of other food stuffs such as milk, milk products, and large quantities of flour are less common and made only to poorer households by wealthier kin in the same *khot ail* or richer relatives living elsewhere. Although characterised as 'loans' they in fact constitute a food security safety net for the receiving households who seldom have the ability to pay back the loan. This form of assistance is often received in exchange for labour with the poorer household assisting in milking or other tasks where possible. Among close relatives within a *khot ail* such a relationship is implicit rather than explicit but under some circumstances *khot ail* relationships between non-related households are based primarily on the exchange of labour for livestock products.

Loans of livestock

Loans of livestock are carefully managed transactions between households which take place within *khot ail* and between neighbourhood groups. Although within *khot ail* livestock are combined for herding purposes, they by no means constitute a shared herd. The most common livestock loans are of draught animals (cattle and camels) for nomadic moves. Households have come to rely on traditional methods of transport in the absence of easily affordable or accessible vehicles in the transition period, but few households have sufficient draught animals for this purpose and frequently borrow from other households. While within closely knit *khot ails* draught animals and carts may be pooled and households moves staggered, in other *khot ails* these animals are not automatically shared. For some households who are marginal to a *khot ail* grouping therefore, investments in the *khot ail* through loans of small stock and labour, are often necessary to secure access to the draught animals of others.

Loans of livestock for live sales have become increasingly important in an economy still characterised by high levels of non-monetised exchange. The majority of exchanges for flour, household goods and materials are made with traders who visit households requesting livestock of a specific age and species. Where a household wishes to make an exchange but does not have the specified animal, another household within the *khot ail* may loan an animal for a period of up to one year. Loans of small stock (sheep and goats) are most usually made but larger animals (cattle and horses) may also be loaned for larger purchases. These loans are made for a variety of reasons and across all wealth categories but most usually to households poor in labour or livestock who either have some animals herded by relatives elsewhere or whose herd size is too small to withstand livestock sales.

Loans of livestock for household consumption are not common and are usually

are unlikely to be able to sustain poorer kin in the long term resulting in destitution or entry into negative wage labour relationships with richer households. Possible policy options which could prevent this include the creation of long term credit or restocking schemes which if directed at the poorest sections of the herding community could assist them to remain as viable herding units long into the future.

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