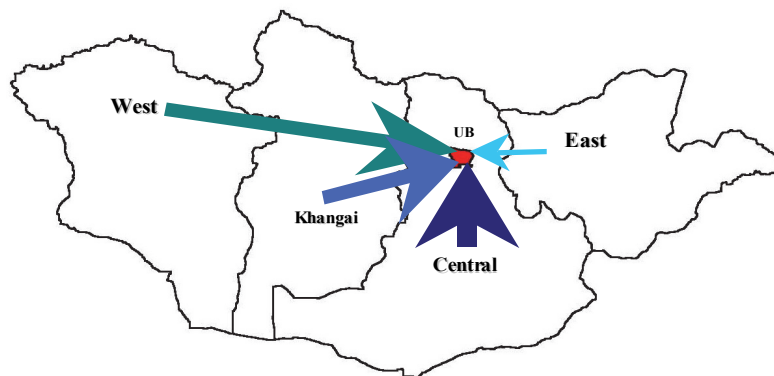


THE CHANGING NATURE OF WORK IN MONGOLIA (1989-2003):

Potential, Informal and Migrant Workers



Ariunaa Dashtseren

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Research School for Resource Studies for Development.

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THE CHANGING NATURE OF WORK IN MONGOLIA (1989-2003):

Potential, Informal and Migrant Workers

DE VERANDERENDE AARD VAN HET WERK IN MONGOLIË
(1989-2003):

Potentiële en informele
werknemers en arbeidsmigranten

Thesis

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The public defence shall be held on
6 November at 10.00 hrs

by

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This work is dedicated to my loving father

Dashtseren Lundeg Sanchirkhaan

who was born in 1941 in Bayantsagaan soum of Bayankhongor
province of Mongolia, who was a secondary school teacher,
and passed away in 1994 in Ulaanbaatar



Contents

<i>List of Tables, Figures, Map and Boxes</i>	<i>xiii</i>
<i>Abbreviations and Acronyms</i>	<i>xviii</i>
<i>Acknowledgements</i>	<i>xxi</i>
<i>Abstract</i>	<i>xxiii</i>
<i>Samenvatting</i>	<i>xxv</i>
<i>Preface</i>	<i>xxviii</i>
1 INTRODUCTION AND DATA SOURCES	1
1.1 Introduction	1
1.2 Introduction to Mongolia	5
1.3 From feudalism to dependent socialism	6
1.4 From dependent socialism to dependent capitalism	7
1.5 Organization of the thesis: Research problem and questions	9
1.5.1 Research problem	9
1.5.2 Research questions	10
1.6 Research periods and settings	12
1.6.1 Research periods	12
1.6.2 Administrative division of Mongolia	12
1.6.3 UB – place of destination	13
1.6.4 Arvaikheer AC and Bayangol SC of Uvurkhangai aimag – places of origin and possible destination	14
1.7 Objective, design and organization of Primary Survey: ‘Migration and Formal and Informal Employment’, 2003, Mongolia	16
1.7.1 PS objective	16
1.7.2 PS period, places, design, coverage and scope	16
1.7.3 PS questionnaires and topics	18
1.7.4 PS staff, organization and interviewing	21

1.7.5	PS confidentiality	22
1.7.6	PS data collection and processing	22
1.7.7	PS recoding, tabulation and analysis	22
1.8	Methods used in the PS: ‘Migration and Formal and Informal Employment, 2003, Mongolia’	23
1.8.1	Methods of recording current economic activity and workers status	23
1.8.2	Methods of recording employment status: Full coverage of informal workers	25
1.8.3	Methods of recording labour movement – ‘Job change – method’	27
1.8.4	Methods of recording migration status	29
1.9	Other data sources and experiences	32
1.9.1	Macro and meso level data	32
1.9.2	Case studies, on-going case studies, chatting (with elderly) and casual conversations	33
1.9.3	Lifetime observations, memories, personal living experience and hands on experience	34
	Notes	34
2	MACRO AND MESO LEVEL CHANGES DURING TRANSITION IN MONGOLIA	36
2.1	Introduction	36
2.2	Economic structure during socialism, transition and open market system	37
2.3	Macro economic performance during socialism, transition and open market system in Mongolia	41
2.3.1	Domestic absorption: From investment to private consumption	41
2.3.2	Financing trade deficit: From loan-driven investment to aid-driven private consumption	44
2.3.3	Increased trade integration: From loan-driven to aid-driven investment	45
2.4	Export performance since transition in Mongolia	48
2.5	Meso level changes during socialism, transition and open market system in Mongolia	53
2.5.1	Establishments in UB – during socialism, transition and open market system	54


2.5.2	Arvaikheer AC – during socialism, transition and open market system	56
2.5.3	Bayangol soum – during socialism, transition and open market system	58
2.5.4	The rural economy and socializing agriculture	60
2.5.5	Negdel during socialism: Shine amidral negdel in 1958 and 1989	62
2.5.6	Privatization of negdels: De-socializing as other side of socializing in the transition	64
2.5.7	Employees of negdel after privatization	68
2.6	Conclusion	71
	Notes	73
3	CONCEPTUAL FRAMEWORK: LABOUR MOBILITY, POTENTIAL WORKERS AND MIGRATION SINCE TRANSITION TO THE OPEN MARKET SYSTEM	75
3.1	Introduction	75
3.2	Mass entitlement: An attempt to avoid push factors for migration in the place of origin	76
3.2.1	Dependent socialism: An attempt to create self-sufficiency	76
3.2.2	Mass entitlement and vulnerability to mass entitlement failures	78
3.2.3	An attempt to avoid entitlement failures (or economic push factors for migration) in the place of origin in (dependent) socialism	79
3.3	Transition away from dependent socialism, and the setting of dependent capitalism	81
3.3.1	Transition away from dependent socialism	81
3.3.2	The setting of dependent capitalism – Open market system	82
3.3.3	‘Low wages’ and ‘sufficient wages’ in the open market system	83
3.3.4	‘Low wages’, poverty, consumption adjustment, and insecurity and vulnerability in the open market system	84
3.4	Potential workers, as a class, in the open market system	87
3.4.1	Concept of potential workers	87
3.4.2	Concept of human capital amortization and human misery	89
3.4.3	Potential workers, as a Malthusian class, in the open market system	92

3.5	Migration in differing political and economic systems	94
3.5.1	An economic motive of migration is a response to changes in the political and economic system setting	94
3.5.2	Lewis model: Failure to explain migration under the institutionally determined wages in the open market system	97
3.5.3	Harris and Todaro model: Migration under macro uncertainty	99
3.5.4	Existence of an economic motive for migration to informal sector in primate cities in the open market system	100
3.6	Sustainable livelihoods	102
3.6.1	Diverse and complex livelihoods, and gender in the open market system	103
3.6.2	Concept of livelihood	104
3.6.3	Livelihood and sustainability frameworks	106
3.7	Conclusion	113
	Notes	113
4	EMERGENCE OF POTENTIAL WORKERS IN THE OPEN MARKET SYSTEM IN MONGOLIA	114
4.1	Introduction	114
4.2	An analytical framework: Labour movement since transition to the open market system	115
4.3	'Job change status' in the Primary Survey	121
4.4	Mass entitlement failures and labour movement	123
4.5	Stepwise movement to retail trade	127
4.6	Emergence of unemployed and potential workers	130
4.6.1	Concept of potential workers and non-workers	131
4.6.2	Emergence of unemployed and potential workers	138
4.7	Potential workers – number, age, sex and education	141
4.8	Major types of potential workers	146
4.9	Loss of qualifications as a consequence of not working	148
4.10	New skills	150
4.11	Emergence of human misery	153
4.12	Conclusion	155
	Notes	159

5	THE SIGNIFICANCE OF INFORMAL WORKERS AND RETAILING IN THE OPEN MARKET SYSTEM IN MONGOLIA	161
5.1	Introduction	161
5.2	Conceptual framework: Informal sector and informal employment	163
5.3	Emergence of informal sector, and movement within and out of informal sector	166
5.4	Size of the informal sector	169
5.5	Informal workers – age, sex and education	174
5.6	Formal and informal sectors interface, by industry	176
5.7	Formal and informal sectors interface, by occupation	180
5.8	Retailers and traders	183
5.9	Current income security and current job monthly income: Existence of 27 economic motives in the open market system in Mongolia	189
5.9.1	Reward frequency and income security	189
5.9.2	Current job monthly income by employment status: An economic motive towards informal sector	190
5.9.3	Current job monthly income by location: An economic motive towards UB	194
5.9.4	Existence of 27 economic motives in the open market system in Mongolia	199
5.10	Economic motive indices: Economic motive towards informal retail trade in the open market system in Mongolia	201
5.11	Entitlement failures in informal sector, including in retailing, in the open market system	206
5.12	Conclusion	211
	Notes	214
6	MIGRATION IN THE OPEN MARKET SYSTEM IN MONGOLIA	217
6.1	Introduction	217
6.2	Analytical framework: ‘Leap’ migration to UB	218
	Diverse and complex livelihoods	219
	Diverse and complex streams of migration – Step migration	220
	Place of origin and circular migration	222
	Place of destination and ‘Leap’ migration to UB	226
6.3	Definition of migrants in the Primary Survey ‘Migration and Formal and Informal Employment, 2003, Mongolia’	227

6.4	'Leap' migration to UB	231
6.4.1	Migration pattern in Mongolia – 'Leap' migration to UB	231
6.4.2	Major sources for 'Leap' migration to UB	232
6.4.3	Livelihood opportunities in UB	235
6.5	Migration of informal workers – Significant improvement in (employment) status: from unpaid workers to formal labourers	237
6.6	Migration of potential workers	241
6.7	International migration	244
6.8	Reasons for migration: Economic push factors in the place of origin reinforce economic pull and social factors	246
6.8.1	Analytical framework of reasons for migration: Economic push factors in the place of origin	246
6.8.2	Economic push factors in the place of origin are entitlement failures	249
6.8.3	Economic push and pull factors are two sides of the one coin	252
6.8.4	Economic push factors in informal and formal sectors	255
6.9	Reasons for no intention to migrate: Hidden potential migration	258
6.9.1	Reasons for no intention to migrate: Hidden potential migration	259
6.9.2	Hidden potential migration is high among unemployed and potential workers	261
6.9.3	Employment in the informal sector is likely to be associated with high hidden potential migration	263
6.9.4	Employment in the formal sector in the place of origin is the root cause for no migration	264
6.10	Conclusion	268
	Notes	272
7	CONCLUSION: THE MAKING OF INSECURE LIVELIHOODS	273
7.1	Introduction	273
7.2	Open market system in Mongolia: Macro, meso and micro levels	276
7.3	Economic sectors in the open market system	278
7.4	Labour mobility since transition to the open market system: Age, gender and education	282
7.5	Unemployed, potential workers, human capital and human misery in the open market system	284

7.6	Informal sector in the open market system	287
7.7	Migration in the open market system	290
7.8	Reasons for migration: economic push factors for migration as entitlement failures	291
7.9	Conclusion	292
	<i>Appendix A: Additional tables and figures for Chapter 2</i>	308
	<i>Appendix B: Additional figures for Chapter 3</i>	318
	<i>Appendix C: Additional figures and tables for Chapter 4</i>	320
	<i>Appendix D: Classifications used for Chapter 5</i>	329
	<i>Appendix E: Additional figures and tables for Chapter 5</i>	348
	<i>Appendix F: Additional figures and tables for Chapter 6</i>	364
	<i>References</i>	381



List of Tables, Figures, Map and Boxes

Tables

1.1	Sections, topics and contents of forms of PS ‘Migration and Formal and Informal employment’, 2003, Mongolia	20
1.2	Number of persons aged 12+ in the PS by their migration status and job change status	31
2.1	Percentage distribution of PNI by sectors, selected years	37
2.2	The availability of output and its use in economy of Mongolia, selected years	42
2.3	Export and import price changes, and terms of trade, by major groups of commodities, Mongolia, 1998-2003 (previous year=100)	53
2.4	Percentage of total establishments in UB, by economic sectors and number of employees, 2003	55
2.5	Percentage of total establishments in Arvaikheer AC by economic sectors and number of employees, 2003	57
2.6	Establishments in Bayangol soum during socialism, transition and in the open market system	58
2.7	Livestock breeders and assets of Shine amidral negdel in 1958 and 1989	63
3.1	Summary of modified concepts used in this research	111
4.1	Number of jobs, job change status and number of persons	122
4.2	Industry distribution of previous job (PJ) and current job (CJ) who stopped their first jobs in agriculture, manufacturing and construction	129
4.3	Current job industry distribution of persons who stopped their first jobs in retail trade	130

4.4	Reason for stopping first job (FJ) and previous job (PJ) for people who stopped their first jobs in agriculture, manufacturing and construction	139
4.5	Economic activity and workers status of persons aged 12+, by location	143
4.6	Major types of not economically active people and potential workers based on reasons for not working	146
4.7	Persons who had first job, by age group, qualifications and first job occupation	148
4.8	New skills for current job by job change status	151
5.1	Conceptual framework: Informal sector and informal employment	164
5.2	Employment status of persons who stopped their first jobs as employees	168
5.3	Employed persons aged 12+, by employment status and type of production units	170
5.4	Employed persons in retail trade by location, occupation and employment status	186
5.5	Order and mean based statistics of logarithm of current job monthly income (thousand tugrics) by employment status	191
5.6	Order and mean based statistics of logarithm of current job monthly income (thousand tugrics) by labour type and location	194
5.7	Economic motive indices by industries, which employ all three types of labour, and location	202
5.8	Economic motive indices by occupation of three types of labour, and location	203
5.9	Economic motive indices by occupation of two types of labour, and location	204
5.10	Economic motive indices by occupation of one type of labour, and location	205
5.11	First reasons for stopping first jobs in informal sector	207
5.12	First reasons for stopping first jobs in retail trade	209
6.1	Internal migration pattern in Mongolia: 'Leap' migration to UB	223
6.2	Migration rates of persons aged 12+, by forms of migration and place of origin or destination in three locations	231
6.3	International out-migrants: Before and after migration workers status, employment status and occupation	245

6.4	Reasons for migration, and level and major form of migration in the open market system	247
6.5	Economic push and pull, and social factors, by location and forms of migration	248
7.1	Economic sectors in the open market system	280
7.2	Vulnerabilities of formal labourers and informal workers	289
7.3	Economic push factors of employed persons in the informal and the formal sectors in the open market system in Mongolia	291
7.4	Connecting the Research Findings to the Global Debates	295

Figures

1.1	Economic and population growth, Mongolia, 1971-2003	2
1.2	PS design and coverage	17
1.3	Methods of recording current economic activity and workers status	24
1.4	Methods of labour movement – ‘Job change method’	28
1.5	Methods of recording migration status, forms of migration and place of origin or destination	30
2.1	Manufacturing vs. agriculture, Mongolia, 1981-2003	38
2.2	Manufacturing vs. Construction, and Transport and communication, Mongolia, 1981-2003	40
2.3	Domestic absorption, Mongolia, 1980-2003	43
2.4	Exports and imports as shares of GDP, Mongolia, 1980-2003	46
2.5	Investment, savings and the trade gap, Mongolia, 1980-2003	47
2.6	Nominal exchange rate, Mongolia, 1985-2003	49
2.7	Export of selected light-industry products, Mongolia, 1989-2003	51
3.1	Reproduction of the Lewis model and condition of violation of assumption of constant difference in rewards between traditional and industrial sectors of the Lewis model	98
3.2	Livelihood and sustainability frameworks	108
4.1	Emergence of potential workers in the open market system	118
4.2	Job change status, by age and sex	124
4.3	Labour force approach: Potential workers and informal workers	133

4.4	Age and sex structure of employed, unemployed, non-workers and potential workers	144
5.1	Industry distribution between formal labourers, informal labourers and informal business workers	177
5.2	Occupation distribution between formal labourers, informal labourers and informal business workers	181
5.3	Current job monthly income by employment status	192
5.4	Current job monthly income of all employed persons by location	196
5.5	Current job monthly income of FLs by location	196
5.6	Current job monthly income of ILs by location	197
5.7	Income of Inf.BWs by location	197
5.8	Economic motive indices, based on current job median income, by labour type and location	200
6.1	Cause and effect relationship between poverty and migration: Step migration	221
6.2	Migration status of persons aged 12+, based on past five years	229
6.3	In-, potential and out- migration rates by education	233
6.4	In-migration to UB by place of origin	234
6.5	Before and after migration, and current job industry structure of in-migrants in UB	236
6.6	Before and after migration and current job employment status of in migrants in UB by place of origin	240
6.7	Economic push factors by forms of migration	251
6.8	Economic pull factors by forms of migration	252
6.9	Economic push factors of potential migrants by workers status	255
6.10	Economic push factors of potential migrants by labour type	256
6.11	Economic push factors of in-migrants by employment status before migration	257
6.12	Reasons for no intention to migrate, by workers status	261
6.13	Reasons for no intention to migrate, by labour type	263
6.14	Reasons for no intention to migrate, of employed persons in UB, by industry	265
6.15	Reasons for no intention to migrate, of employed persons in AC, by industry	266

6.16	Reasons for no intention to migrate, of employed persons in SC, by industry	267
7.1	Question on reasons for not working: Workers status	285

Map

1.1	Arvaikheer AC and Bayangol SC of Uvurkhangai aimag	15
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Boxes

2.1	China as a 'price maker' for primary goods of Mongolia	52
4.1	Two women are talking about a man who is standing near by one shop in UB with other people like him in the sense of appearing socially dysfunctional	154
4.2	People who collect rubbish claim that it is nice to be free	154
5.1	Insecurity in Retail trade in small and medium sized places and demand adjustment due to low income	210



Abbreviations and Acronyms

ACs	Aimag centers
ADB	Asian Development Bank
CJ	Current job
CMEA	Commission for Mutual Economic Assistance organization of the former communist block
CMs	Cooperative members
CWs	Casual workers
DFID	Department for International Development
ECE	East and Central Europe
EEs	Employees
EMI	Economic motive index
ERs	Employers
FJ	First job
FLs	Formal labourers
FSU	Former Soviet Union
GDP	Gross Domestic Product
NA	Not available
HB	Household business
HBWs	Household business workers
IB	Individual business
IDS	Institute of Development Studies
ILO	International Labour Organization

ILs	Informal labourers
IMF	International Monetary Fund
Ind.BWs	Individual business workers
Inf.BWs	Informal business workers
LFPR	Labour force participation rate
LSMS	Living Standard Measurement Survey
MPRP	Mongolian People's Revolutionary Party
MSWL	Ministry of Social Welfare and Labour
NSO	National Statistical Office of Mongolia
NWs	Non-workers
NA	Not available
OECD	Organization of Economic Cooperation and Development
pd	per day
pm	per month
PJ	Previous job
PNI	Produced National Income
PTRC	Population Training Research Center
PWs	Paid workers, only in Ch.5, Sec.5.7.1 & 5.7.2. In the remaining part of the thesis PWs stands for potential workers.
PWs	Potential workers, except in Ch.5, Sec.5.7.1 & 5.7.2.
RA	Rural areas
RHS	Reproductive Health Survey
RMR	Recent Migration Rate
RWs	Rotating workers
SCs	Soum centers
SSO	State Statistical Office of Mongolia
₮	Tugrics – Mongolian national currency
TFR	Total Fertility Rate
UB	Ulaanbaatar
UNDP	United Nations Development Programme

UNFPA	United Nations Population Fund
UR	Unemployment rate
USSR	Different name for FSU
UWs	Unpaid workers
VWs	Visiting workers
WB	World Bank
WWII	World War II
ICSE	International Classification of Status in Employment
CSEM	Classification of status in employment for Mongolia
CPUM	Classification of production units for Mongolia



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Ariunaa Dashtseren



Abstract

The transition and post-transition processes in Mongolia since 1989 have brought work insecurity to Mongolia. This research aimed at understanding diverse and complex urban livelihoods which emerged after the collapse of socialism, the evolving labour market, and increased migration. Despite its age, the Harris-Todaro model of migration is still a useful framework for understanding “excessive” migration in Mongolia.

In Mongolia, people have been responding demographically, economically and socially to the changes in the political and economic system. We discover Mongolia has moved from dependent socialism (on FSU/Russia) to dependent capitalism (on China) since 1989 creating new forms of macro-economic imbalance.

For the research, we conducted a household survey which covers 2,145 persons aged 12 and above in three urban locations in Mongolia. In order to study diverse and complex livelihoods, persons aged 12 and above were identified according to workers status (employed, unemployed, non-workers and potential workers) and migration status (in/return, out/potential and circular).

In order to study both informal employment and informal sector, based on ILO guidelines, we also developed a classification on status in employment for Mongolia, and classification of production units for Mongolia. Based on employment status, employed persons are categorized as formal labourers, informal labourers and informal business workers.

We found that there was movement of labour to informal retail trade sector during the transition in Mongolia. Since 1989, Mongolia has not only suffered from formal unemployment but also seen the creation of a new category of “potential workers”, who are missed in official statistics. In our survey, we revealed the proportion of potential workers in Mongolia, for the first time. Potential workers risk amortization of their human capital and a descent into human misery and non-sustainable livelihoods following long

periods without work. Also potential workers tend to be potential migrants with implications for the stability of the society in their places of origin. Also we found that informal sector has two characteristics in the open market system in Mongolia: combining better income with greater insecurity.

In order to understand, migration to the capital 'primate' city, we studied reasons for migration, and found economic push factors due to entitlement failures – 'no job/no secure job', 'low income' and 'loss' in the open market system in Mongolia. In other words, 'excessive' migration, in general, is likely to be associated with economic push factors for migration or entitlement failures in the place of origin rather than positive signals in the destination.

Also we studied reasons for no intention to migrate, and found that, in addition to having formal employment, birth place/home community explains no intention to migrate. However, we found that 15 percent of non-migrants have hidden potential migration, and hidden potential migration is highest among potential worker.

Thus our research suggests that, in order to understand 'excessive' migration, it is important to study place of origin, and entitlement failures in the place of origin. 'Excessive' migration to UB in the open market system in Mongolia can be reduced by eliminating economic push factors or entitlement failures in the place of origin via creating an economic motive for migration between two sectors of economy, say between agriculture and manufacturing. If entitlement failures or economic push factors for migration in the place of origin will be eliminated then potential workers will be recruited, unemployment will be limited to frictional level of unemployment, local informal sector production will grow, and migration to the capital city will fall. Re-balancing local economies outside the capital city is probably the best way forward in terms of reducing actual and potential misery in Mongolia.

Keywords: migration, labour movement, employment, informal sector, potential workers, human misery, transition, open market system, Mongolia

*De veranderende aard van het werk in Mongolië
(1989-2003): Potentiële en informele werknemers
en arbeidsmigranten*



Samenvatting

De overgangperiode en de nasleep daarvan hebben vanaf 1989 in Mongolië onzekerheid op de arbeidsmarkt teweeggebracht. Dit onderzoek richt zich op de verschillende en complexe manieren om in het levensonderhoud te voorzien die in de steden ontstonden na de ineenstorting van het socialisme; op de zich ontwikkelende arbeidsmarkt en op de toegenomen migratie. Hoewel het migratiemodel van Harris-Todaro al oud is, biedt het nog steeds een bruikbaar kader om de 'buitensporige' migratie in Mongolië te kunnen begrijpen.

De bevolking in Mongolië heeft in demografisch, economisch en sociaal opzicht gereageerd op de veranderingen in het politieke en economische systeem. In Mongolië is na 1989 een verschuiving opgetreden van afhankelijk socialisme (gericht op de voormalige Sovjet-Unie/Rusland) naar afhankelijk kapitalisme (gericht op China). Hierdoor ontstaan nieuwe vormen van macro-economische onevenwichtigheid.

Voor het onderzoek is een enquête gedaan onder huishoudens waarbij 2145 respondenten van 12 jaar en ouder ondervraagd zijn op drie stedelijke locaties in Mongolië. Om de verschillende en complexe manieren om in het levensonderhoud te voorzien te bestuderen, werden respondenten van 12 jaar en ouder ingedeeld op basis van hun positie op de arbeidsmarkt (werkend, werkloos, niet-werkend en potentieel werkend) en hun migratiestatus (binnen/teruggekeerd; buiten/potentieel; circulair).

Om zowel de informele werkgelegenheid als de informele sector te bestuderen, is er in dit onderzoek ook voor Mongolië een classificatie ontwikkeld van arbeidsstatus en van productie-eenheden. Deze is gebaseerd op de richtlijnen van de Internationale Arbeidsorganisatie. Op grond van hun arbeidsstatus worden werkenden ingedeeld als formele werknemers, informele werknemers en informele bedrijfsmedewerkers.

Uit het onderzoek blijkt dat er tijdens de overgangperiode in Mongolië een verschuiving van arbeid naar de informele detailhandelssector is optreden. Sinds 1989 heeft Mongolië niet alleen te kampen met formele werkloosheid, maar is er ook een nieuwe categorie ‘potentiële werknemers’ ontstaan die ontbreekt in de officiële cijfers. Uit de enquête van dit onderzoek komt voor het eerst het aandeel van potentiële werknemers in Mongolië naar voren. Potentiële werknemers lopen het risico dat hun menselijk kapitaal verloren gaat en dat ze na een lange periode van werkloosheid afglijden naar erbarmelijke omstandigheden waarin ze niet in hun levensonderhoud kunnen voorzien. Ook zijn potentiële werknemers vaak potentiële migranten, wat implicaties heeft voor de stabiliteit van de samenleving in het gebied waar ze vandaan komen. Verder blijkt uit het onderzoek dat de informele sector twee kenmerken heeft in het openmarktsysteem in Mongolië: een hoger inkomen gaat samen met grotere onzekerheid.

Om migratie naar de hoofdstad te verklaren zijn de redenen voor migratie onderzocht. Er bleek sprake te zijn van economische pushfactoren door verlies van aanspraken (*entitlement failures*) – ‘geen baan/geen vaste baan’, ‘laag inkomen’ en ‘verlies’ – in het openmarktsysteem in Mongolië. Met andere woorden, ‘buitensporige’ migratie hangt in het algemeen eerder samen met de aanwezigheid van economische pushfactoren voor migratie of verlies van aanspraken in de plaats van herkomst dan met positieve signalen op de plaats van bestemming.

In dit onderzoek is ook gekeken naar redenen om niet te migreren. Naast het hebben van werk in de formele sector bleek ook de geboorteplaats/plaats waar men thuis is het ontbreken van de intentie om te migreren te verklaren. De resultaten laten echter ook zien dat vijftien procent van de niet-migranten een verborgen potentieel voor migratie heeft, en dat potentiële werknemers het hoogst scoren op verborgen potentieel voor migratie.

Concluderend wijst dit onderzoek erop dat het, om ‘buitensporige’ migratie te begrijpen, belangrijk is om te kijken naar de plaats van herkomst en naar verlies van aanspraken in de plaats van herkomst. ‘Buitensporige’ migratie naar de hoofdstad Ulaanbaatar kan in het openmarktsysteem in Mongolië verminderd worden door te zorgen dat er geen sprake is van economische pushfactoren of verlies van aanspraken in de plaats van herkomst. Dit kan men doen door het creëren van een economisch motief voor migratie tussen twee sectoren van de economie, bijvoorbeeld tussen landbouw en industrie. Als er geen sprake meer is van verlies van aanspraken of economische pushfactoren voor migratie in de plaats van herkomst, zullen potentiële werknemers aangetrokken worden, zal de werkloosheid tot het niveau van

frictiewerkloosheid beperkt blijven, zal de productie in de lokale informele sector toenemen en zal de migratie naar de hoofdstad afnemen. Het evenwicht herstellen in lokale economieën buiten de hoofdstad is waarschijnlijk de beste manier om iets te doen aan bestaande en potentiële erbarmelijke omstandigheden in Mongolië.

Trefwoorden: migratie, arbeidersbeweging, werkgelegenheid, informele sector, potentiële werknemers, erbarmelijke leefomstandigheden, overgangperiode, openmarktsysteem, Mongolië



Preface

When I visited India in 1994, I found different situation from the Bollywood movies which I used to watch in Moscow. I felt uncomfortable to see people living in streets and slums in Bombay city, as it was my first exposure to human misery in terms of the under-use of human capabilities. Given my educational background and lived experience in a socialist system in Mongolia, I felt that this human misery is socially created, and therefore, it can be eliminated.

Having this kind of feeling and concerned about post-socialist processes in Mongolia, I decided to research migration to urban areas since a period of dramatic institutional transition in the early 1990s. In order to study migration, I found myself needing to understand newly emerged diverse and complex livelihoods in Mongolia after the collapse of full employment.

I remember Prof. Saith, at my research design seminar, saying that this research is going to reveal changes in people's lives in the new system. Also I saw the possibilities to observe the newly emerged diverse and complex livelihoods, each of which has own insecurity and vulnerability, into data collection when I was working as a training coordinator for 2000 population census of Mongolia. Building on this experience, I created a household survey covering a range of urban locations. In this survey, people were classified according to workers status, and labour type, based on guidelines of ILO but with some innovatory aspects.

The major finding of the thesis is that entitlement failures or economic push factors in the place of origin appear to be the major reason for migration, but also that there were tensions in the processes of change that are invisible in conventional labour force and migration studies. In other words, being in human misery and engaging in migration have similar causes – having no job, low income and facing loss of livelihoods. As Dr. John Cameron once said – this thesis is concerned with differentials in work insecurity.

Therefore, I hope that the data and analysis presented in this thesis might have relevance for understanding and reducing human misery in Mongolia and other countries with similar challenges, and creating more sustainable livelihoods for every human being on the earth.

1

Introduction and Data Sources

1.1 Introduction

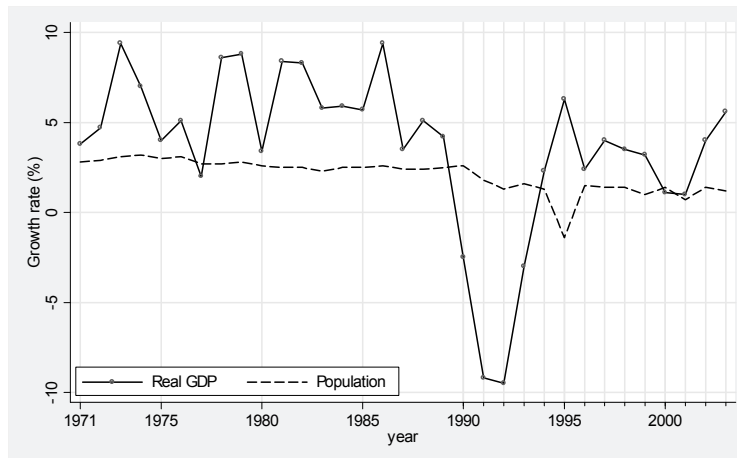
Mongolia has experienced a dramatic shift away from socialism since 1989. Transition away from socialism is a revolution in the political and economic system (Nolan 1995), resembling for Mongolia an earlier transition from feudalism to socialism. Socialism in Mongolia was dependent socialism, but arguably a livelihood secure system (see Sec. 3.2, Ch.3 for dependent socialism). During the transition, Mongolia implemented reform measures proposed by International Monetary Fund (IMF) and World Bank (WB). This new political and economic system (setting) can be characterised as a move towards an open economy. In our research, we refer to it as open market system. We shall see that this can be seen as a transition from dependent socialism to dependent capitalism in Mongolia (see Sec. 3.3, Ch.3 for dependent capitalism).

The two changes in the political and economic system, first ‘from feudalism to dependent socialism’ and then ‘from dependent socialism to dependent capitalism’, in Mongolia, cover the two ends of 20th century (1911-2001). For a country which was in feudalism, transition to socialism involved twin transitions: industrialization and transition to new distributional relations (Saith 1985:2) largely as envisaged in Marxist-Leninist political economy. But there was no theory for the transition away from socialism (Nolan 1995:74). The changes in the political and economic system involve three major changes: political, economic and social. Both changes in the political economic system, which Mongolia faced in the 20th century, started with political changes, not with economic and social reforms.

To the transition, people did respond demographically in Mongolia (Fig 1.1), and poverty is emerged in the open market system. According

to Malthus, human misery is created when population grows at geometric rate while economy grows at arithmetic rate (see Sec. 3.4.3, Ch.3). During socialism, there was no human misery in Mongolia. During socialism, economy was growing, as an average, at three times higher rate than population. During 1971-1989, economy was growing at average annual rate 10.5% while population was growing at average annual rate 3.5%. (See Fig. 1.1 for economic and population growth (or decline) of Mongolia during 1971-2003 or during three periods: socialist (1971-1989), transition (1990-1995) and open market system (1996-2003). During socialism, Mongolia experienced a slight decline in population growth (Fig. 1.1). Mongolia experienced decline in fertility since 1970s, under the strong pro-natalist policy.

Figure 1.1
Economic and population growth, Mongolia, 1971-2003



Source: NSO (1990, 1998, 2002, 2004)

Under the pro-natalist policy during socialism, women received children-money and mother-medals (according to number of children), abortion was illegal, and all types of contraception were under strict control. Fertility decline is associated with high education. Also, it has been

argued that development is the best contraceptive. Mongolian experience suggests that formal employment of women is the best contraceptive. At the constant level of wages, women tend to control the household size, to have better share to a household member. Thus there was no Malthusian human misery in Mongolia during socialism because economy grew at higher rate than population.

During transition, economy declined (at average annual rate 2.7% during 1990-1995). The severest year was 1992 with 9.5% fall in real GDP. It can be seen from the dramatic decline in economy below the population line in Fig. 1.1. In 1991, Mongolia used IMF credit for the first time in its history (Table 1 in Appendix A). Privatization began in October 1991 and it was at the center of reform (Griffin 1995:11). After privatization, in Mongolia, number of factories collapsed mainly due to limited opportunities of domestic investment under IMF-supported monetary policies (Griffin 2003:4). Also price liberalization in Mongolia produced a set of relative prices which made a large part of the industrial urban sector unprofitable and unsustainable (*ibid*:8). Also during transition, 'goods famine' did occur in Mongolia, due to collapse of trade integration. In 1992, food stores emptied and there was only salt (author's living experience). However, economy experienced recovery in 1995 (Fig. 1.1). Thus transition period did not continue long in Mongolia, roughly six years, and it was over by 1995. It is similar with other post-communist countries. In post-communist countries, some research suggests transition took about eight years (Aslund 1998).

Apart from reform measures, there were changes in the sphere of social policy during transition such as departure from pro-natalist policy, relaxation of abortion and freedom to choose where to live. Under the new (democratic) social policy environment, people's response to social changes, resulted in demographic changes (decline in fertility; increase in mortality, internal migration and legal international migration; and emergence of illegal international migration). Also new social phenomenon, like unemployment and human misery emerged during transition.

During transition, in response to economic decline, population was growing at much lower rate (at average annual rate 0.9% during 1990-1995). At the end of transition, after economic recession, Mongolia did experience negative population growth in 1995. This negative growth rate of population has been highly debated. It has been argued that yearly census was not correct. This dramatic decline in population has to be

smoothed over a decade of 1989-2000. However, this dramatic decline in population is surely response to economic recession because it fits for the period after 1992 and before 2000 census. For this, one can provide a data accuracy explanation. Population registration and yearly census was reliable until 1992. Before this, people were much less mobile as virtually every movement was based on employment. Therefore, virtually all movements were registered. Population of Mongolia became mobile only after 1992 when people have right to choose where to live in Mongolia according to the new constitution.

However, the dramatic decline in population after economic recession of transition has not been analyzed by unpacking it by population growth components (natural changes (fertility and mortality) and mechanic changes (in-migration, out-migration, immigration and emigration)). During recession period, people postponed their marriages and births (see also Griffin 2003:5). Crude Marriage Rate declined from 16.5 in 1990 to 12.8 in 1994. Crude Birth Rate declined from 35.3 in 1990 to 23.4 in 1994. International migration emerged as a new demographic phenomenon. About 10 thousand Mongolians lived legally or illegally in South Korea in 2003. In 1998, total fertility rate (TFR) was 3.06 children per woman (2.46 in urban areas and 3.66 in rural areas) in Mongolia (NSO and UNFPA 1999:30).

In the open market system, during 1996-2003, economy was growing at higher rate (average annual rate is 3.5%) than population (average annual rate is 1.3%). However, economic growth rate during open market system has not met that during socialism. Moreover, human misery may emerge in the open market system in Mongolia if local economy grows at lower rate than population (see Sec 3.4.3, Ch.3).

Also migration has been increasing during transition in Mongolia. Lifetime migrants, those who moved permanently from their place of birth, increased by 2.4 times during ten years of transition (1990-1999) compared with the last ten years of socialism (1980-1989) (NSO and UNFPA 2002b:9). There are two major streams of migration since transition from 1989 to 2000: migration to Ulaanbaatar (UB), the capital city and the only primate city, and migration to the Central Region, where UB is located (NSO and UNFPA 2001a). Migration to UB is the largest stream in the country. More than half of migrants in the five years before the 2000 census (1995-2000) moved to UB (NSO and UNFPA 2002b:19). As a result, UB experienced substantial population growth

since transition. The increase in the share of population of UB in the total population of Mongolia during one decade of transition (1989-2000) was equal to that in previous two decades, 1969-1989 (ibid). This research studies all the factors that contribute to migration to UB.

In order to understand migration increase to UB during transition to the open market system, it is important to understand the controlled migration (or labour allocation) during dependent socialism, the previous system, and the previous transition, the transition 'from feudalism¹ to dependent socialism'. Dependent socialism in Mongolia was distinguished by the existence of the 'generalized wage employment' without unemployment, including rural areas.

This chapter briefly introduces the two transitions of the political and economic system, and economic and social changes in the two systems in Mongolia. Ultimately, it suggests that migration increase to UB since transition to dependent capitalism was a response effects of the open market system. Before this, brief introduction to Mongolia is given, in terms of history, previous systems and geographical location, though currently Mongolia is similar to some other developing countries as it implements liberalising reform measures advocated by IMF and WB.

1.2 Introduction to Mongolia

Mongolia is a landlocked country situated between two giants, Russia and China. The territory of Mongolia is large, 1,566,500 km². The geographical location of Mongolia is not favorable for cultivation. Mongolia is a cold country with four seasons: spring (from March to May), summer (from June to August; and temperature, as an average, varies from +20 to +40 Celsius), autumn (from September to November) and winter (from December to February; and temperature, as an average, varies from -40 to -20 Celsius). Mongolia is a high attitude country, on average situated 1,580 km above the sea level. UB is situated 1,297 km above sea level. The forest area accounts for 9% of the territory. Majority of the territory is steppe and desert.

The traditional industry of Mongolia is not cultivation but livestock rearing. Mongolians are famous as nomads. Mongolian (or Central Asian) nomad civilization has a long history of effective governance.

Some historians view that Mongolians are one of older groups among human populations. The tribal organization was dissolved as early as the

end of III century BCE, and in 200 year BCE, the first state of Mongolian ancestors was established. It was 'Khunnu' state. After 'Khunnu' state, several states of Mongolian language people were established and collapsed over about 1000 years (see Namjim Tumor 1996:127-134). In 1206, 'Great Mongolia' was established by 'Chinguis khaan'. The Great Mongolia was one of the largest empires in the world history, and existed for about 150 years.

At the end of XV century Manchuria became powerful, and took over China, Mongolia and Korea. Mongolia was colonized by Manchuria for 220 years (1691-1911), and became more religious and culturally conservative. It is the darkest period in history of Mongolia.

In 1911, Mongolians expelled Manchurian administrators, and Mongolian temporary government was established. After the collapse of Manchurian empire, Mongolia fought for its independence, and managed to keep the border protected with own soldiers.

On 11 July 1921, a national revolution happened in Mongolia, following the 'October revolution' in Russia in 1917. On 14 September 1921, Mongolia announced its independence. On 5 November 1921, Sukhbaatar and other leaders of MPRP (Mongolian People's Revolutionary Party) went to Soviet Russia, and Soviet Russia acknowledged the independence of Mongolia. Mongolia became the second socialist state in the world in 1921.

1.3 From feudalism to dependent socialism

Soon after national revolution in 1921, the ninth meeting of government (on 3 August 1921), abolished salaries and ranks which were given to traditional lama and noyod (administrators). The economic transition started in 1923 when Mongolian government developed a document on 'Basic Economic Policy'. It put forward not only economic goals (to increase economic performance of the country, based on livestock rearing, and to establish national industry (mining and animal product processing plants)) but also social goals (to establish schools and hospitals). It was a comprehensive policy document covering the renovation of Mongolia, 1921-1940 (Namjim Tumor 2002:53).

Socialist economic development started with socializing livestock rearing sector. Livestock rearing sector socialized during three decades, and *negdels* were established in 1959 (see Sec. 2.5.3-7, Ch.2). During so-

cialism, economic structure changed from purely livestock rearing economy to an economy with livestock rearing, crop agriculture and light-industry. Mongolia became light-industrialized country during socialism, by the 1980s (Namjim Tumor 2000). Under light-industrialisation, the final products of livestock based processing were traded to other socialist countries (see Ch.2).

Meeting the basic developmental needs of the entire population is one of the priorities of socialist development (Saith 1985). Government decision to establish schools in rural areas was issued on 14 August 1922. The first school in Soum centers (SCs), the second lowest administrative unit, was established in 1923, in Akhai Beesiin khoshuu (see Jamba 1979:54 quoted in Namjim Tumor 2000). (See also Sec. 1.6.2 for SCs.) By 1970s, all SCs offered 8 or 10 years of schooling, through boarding schools. Boarding schools were important for children of livestock breeders. The first government meeting, held in 1924, provided rights for all citizens to receive health care. Since 1925, Mongolian government started to establish health centers in SCs (see *ibid*:57).

Mongolia achieved significant improvement in education and health during socialism. In 2000, literacy rate² was 98% for men and 97.5% for women. Also 7.6% of men and 7.7% of women (aged 10+) had degree level education. Similarly, 56.9% of men and 57.7% of women (aged 10+) have completed secondary and non-degree tertiary education. However, some health indicators are disappointing. In 1998, infant mortality rate was 65 deaths per 1000 life births, 54 deaths in urban areas and 79 deaths in rural areas (NSO and UNFPA 1999:76). In line with education, women's labour force participation rose in Mongolia. In 2000, 46.3% of women (aged 15+) were employed (NSO and UNFPA 2001a).

1.4 From dependent socialism to dependent capitalism

The 70-years long command regime in Mongolia collapsed with the changes in 1989, which were influenced by 'perestroika'³, which started in 1987 in Former Soviet Union (FSU). In 1990, election was held and the first multi-party government was formed in Mongolia. This fast but peaceful political change opened up Mongolia to the wider world. Furthermore, the position of Mongolia in the world was changed from a second world country, as a country of former communist block, to a third world country as underdeveloped.

After collapse of socialism, Mongolia faced economic crisis. The reform measures offered by IMF and WB for transition away from socialism was similar to reform measures which were undertaken during 1980s in many less developed countries (Nolan 1995). Mongolia implemented IMF and WB measures without hesitation and modification. Privatization began in October 1991, and it was at the center of the reform (Griffin 1995:11). After privatization, crop agriculture almost collapsed, and processing (or agro) -industry declined substantially (Spoor 1996). After privatization, *negdels* (rural institution) collapsed and livestock rearing sector became vulnerable (see Sec. 3.5.7, Ch.3).

After privatization, redundant labour was dismissed in Mongolia (Griffin 1995:13), and unemployment emerged. People who lost jobs started to search for survival informally, and an informal sector emerged. In 2000, informal sector accounted for 26.2% of urban employment (NSO and UNFPA 2001b:52). The second leg of transition was price liberalization. *Tugric* (Mongolian currency) was devalued in 1991, and real wages declined (Griffin 1995:10). Also due to reduction in public expenditure, government officers receive lower wages. In general, wages remained low and employed people faced poverty (see Sec. 3.3.4, Ch.3).

Also social development deteriorated during the transition to dependent capitalism. In 2000, around 20% of population in aimags could not get health service and around 20% of population could not send their children to school in aimags (MSWL, PTRC and UNFPA 2001:39). Doctors and teachers, moved out of ACs and SCs because of low wages, and their migration resulted in deterioration of social sectors in ACs and SCs. Moreover, poverty has direct effect on people's education and health. Poor people could not send their children to school because they could not meet costs of clothing for cold weather and book expenses (MSWL, PTRC and UNFPA 2001:40).

Apart from actual migration, potential migration⁴ to UB is high. In 2000, about a third of population in aimags intend to move in the future, and intention is higher among people aged 35-44 as well as among those who have completed secondary and tertiary education (MSWL, PTRC and UNFPA 2001:58). There are three main reasons for intention to move: to come close to market, concern about children's future, and to find a job. Majority of potential migrants intend to work in public sector or government organizations or as self-employed. About a third of peo-

ple who intend to move choose UB as the place of destination (ibid:49-56).

Moreover, exactly half of non in-migrants in UB itself intend to move abroad (ibid:100). It is not only those who have 'no job' and 'low income' but also better-off people who intend to migrate. There is positive relationship between level of consumption and expenditure, and level of intention to move in the future (ibid:51-52).

In short, people did respond demographically to the transition to the open market system, and to the newly emerged social phenomenon like unemployed, informal sector, poverty and deterioration of social sector, and migration to UB is one of the main demographic responses. This research is concerned to add further insights into the migration process and the consequences for human well-being.

1.5 Organization of the thesis: Research problem and questions

The thesis is organized in seven chapters. Ch.1 gives, research problem and questions; research periods and settings; and methods used for and developed based on the research. Ch.2 gives macro and meso level performances since transition. Ch.3 gives conceptual framework, and main hypotheses from the main research questions. Ch. 4, 5 and 6 give responses (or findings) to the research sub-questions. Ch.7 gives main solutions to the research problem, with some implications.

1.5.1 Research problem

Migration to UB (the capital city and the only primate city in the country) increased during transition. The policy packages that were proposed for the transition away from socialism were similar to those proposed for stabilization and structural reform packages in developing countries in the 1970s and 1980s by the Bretton Woods institutions (Blanchard et al. 1991). Under reform, production of tradeables, i.e. primary agricultural goods, is encouraged in developing countries.

Under reform, labour and capital were supposed to move towards tradeables, to agriculture. But rural-urban migration has been increasing in contemporary developing countries (Jamal 1995), especially to larger cities. Current debate on migration suggests that there are many more

and diverse streams, and complex patterns of internal migration in developing countries (see Laczko 2005 and Deshingkar 2008). Also international migration has been a major topic of migration in developing countries (ibid). In this research, both internal and international migration are discussed.

Also there is a long list of older, as well as new theories of push and pull factors of migration in developing countries. Push factors, rural poverty, population pressure, rural technology, relative deprivation (Stark 1991:85-194), and need for investment (Sjaastad 1962:93) in place of origin; and pull factors, 'bright lights' of cities, and attraction to educational facilities and other social services, in places of destination in developing countries have been studied extensively.

Also, it has been suggested that it is important to study structural factors of migration in order to understand migration phenomenon in developing countries better and distinguish it from individualistic factors which operate through them (Oberai and Bilsborrow 1984:17). The structural factor of migration was explained in early development models (Lewis 1954:412, and Ranis and Fei 1961:541). But the Lewis model explains migration which is associated with industrialization. In other words, it explains migration in classic capitalism. Therefore, the Lewis model fails to explain migration in contemporary developing countries which implement IMF and WB reform measures or where production of primary agricultural goods is encouraged. Harris and Todaro (1970) developed an economic model to explain non-equilibrium, and migration in the sense of long term underemployment in developing countries. Therefore, Harris and Todaro model does help to explain migration in the open market system in Mongolia, especially if there exist differentials in rewards in urban informal as well as in formal sectors. This research aims at studying the structural factor of migration, but activity through individual decisions, in the open market system in Mongolia.

1.5.2 Research questions

The research questions are formulated to understand newly emerged diverse and complex livelihoods, and a tendency to increasing insecurity and human misery for a significant subgroup of the population in Mongolia since transition to the open market system.

Before studying diverse and complex livelihoods and the role of migration, we aimed at understanding macro and meso level changes since transition away from socialism in Mongolia. The following research sub-questions on macro and meso level changes are formulated, and findings are given in Ch.2.

How has the move towards an open market system affected economic structure, macro economic performance and export performance in Mongolia? How has the transition affected the meso level (UB, ACs and SCs) and micro level (establishments, including rural institution-negdel) in Mongolia?

Also, in order to conceptualise the research problem, *the major research questions* are formulated, to deal with the structural factor of migration. The major research hypothesis is given in Ch.3.

What are the structural factors that lead to increased migration to UB in Mongolia? How the structural factor for migration changed since transition away from socialism? How the Harris and Todaro model helps explain migration in the open market system?

In order to understand labour movement since transition to the open market system in Mongolia, the following research sub-questions are formulated, and findings are given in Ch.4.

How has the move towards an open market system affected the nature of household and individual entitlements in Mongolia? What were the major ways to face mass entitlement failures during transition in Mongolia? In what economic sector, people in urban areas find survival in the open market system? How labour market was evolved and what type of workers were newly emerged in the labour market in the open market system in Mongolia?

In order to test the major hypothesis of the research, given in Sec. 3.5.4, Ch.3, in the open market system in Mongolia, the following research sub-questions on informal sector are formulated, and findings are given in Ch.5.

To what extent informal sector does provide livelihood opportunities in urban areas in the open market system in Mongolia? How rewards differ across labour type and location? How informal employment is associated with insecurity and vulnerability?

In order to study migration in the open market system, the following research sub-questions are formulated, and findings are given in Ch.6.

How has the move towards an open market system stimulated increased migration in search of work? Why people move – due to entitlement failures or to gain by moving – higher immediate incomes, higher lifetime incomes or greater economic security? What kinds of people move or wish to move? How can different types of movement be characterised? What are the outcomes of such movements in terms of economic activity, especially joining the formal, informal and international sectors?

1.6 Research periods and settings

1.6.1 Research periods

The research studies three periods: socialist, transition and open market system. The socialist period covers 1921-1989, and in this research, in most cases, we use data from 1980 when discussing this period. Transition away from socialism or transition ‘from dependent socialism to dependent capitalism’ refers to period 1990-1995. The open market system refers to period 1996-2003. ‘Since transition’ refers to the whole period from 1989-2003.

1.6.2 Administrative division of Mongolia

At the time of field work in 2003, Mongolia was divided into 21 aimags (Arkhangai, Bayan-Ulgii, Bayankhongor, Bulgan, Gobi-Altai, Dornogobi, Dornod, Dundgobi, Zavkhan, Uvurkhangai, Umnugobi, Sukhbaatar, Selenge, Tuv, Uvs, Khovd, Khuvsgul, Khentii, Darkhan-Uul, Orkhon and Gobi-sumber) and the capital city, Ulaanbaatar. Further aimags are divided into soums, and soums into baghs. Mongolia has more than 330 soums. UB is divided into 9 districts, and districts into khoros. During socialism, among aimags, Darkhan-Uul and Orkhon aimags developed as industrial centers, apart from UB. Other aimag centers (ACs) and soum centers (SCs) developed according to the similar plan, with local food factories and other economic entities, to provide public administration, economic, infrastructure and social support for livestock rearing industry of the aimag and the soum. Since transition, people come to UB from all the corners of the country: rural areas, SCs and ACs. To study migration to UB, three places are selected: UB as a

key place of destination, and Arvaikheer AC and Bayangol SC of Uvurkhangai aimag as places of both origin and possible destination. Meso level changes in the three research settings are given in Ch.3, and micro level changes in Ch.4, Ch.5 and Ch.6.

1.6.3 UB - place of destination

Ulaanbaatar (UB) is the capital city of Mongolia, and the primate city in the country, as a third of population reside in UB. UB is located at the center of Mongolia. It is the most densely populated place in Mongolia, with 180 persons per square km while density of all Mongolia is 1.5 persons per square km. In 2003, UB produced about 60% of GDP of Mongolia, 60% of establishments locate in UB, and 35.7% of population of Mongolia live in UB (NSO 2004, 2005).

UB was established in 1635. It was named differently before the revolution in 1921, with names like Urguu, Khuree, Ikh khuree, Daa khuree and Niislel khuree. After Mongolia proclaimed its independence, the capital city 'Niislel khuree', became the capital of the new Mongolian People's Republic, and its name changed to Ulaanbaatar in 1924. At this time, UB was a small settlement constituted mainly from 'ger district', districts where people live in gers (traditional housing), and with roughly 100 thousand population.

During socialism (1921-1989), under light-industrialization, UB developed to be a more modern economy. During transition, a number of light-industries in UB collapsed. In the open market system, economy of UB is growing, but at much lower rate than the population growth. UB continued to experience population growth in the open market system due to migration. Population of UB increased by 52% during transition and early open market system (1989-2000). This is much greater than the previous 10 years, 1979-1989 (37%). In 2003, population of UB was estimated at 893.4 thousand.

In 2000, 42% of households in UB live in 'ger district' while 58% of households live in apartments and houses with own bath room and toilet (NSO and UNFPA 2001a:66). In UB, housing condition has been deteriorating in the open market system, due to creation of 'ger districts' in suburbs due to migration.

Formal unemployment, the ratio of unemployed to those in the labour force, is high in UB (20.2%), higher for males (22.8%) than for fe-

males (17.2%). About one third of in-migrants in UB was unemployed (NSO and UNFPA 2002b). Moreover, employed persons live poor in UB, as an average income is 73 US\$ per month (81.5 thousand tugrics) in 2003 (NSO 2004).

UB has 9 districts: Bayangol, Chingeltei, Sukhbaatar, Khan-Uul, Songinokhairkhan, Bayanzurkh, Baganuur, Nalaikh and Bagakhangai. Our primary survey was conducted in 4 districts (Chingeltei, Khan-Uul, Songinokhairkhan and Bayanzurkh).

1.6.4 Arvaikheer AC and Bayangol SC of Uvurkhangai aimag - places of origin and possible destination

Uvurkhangai aimag. It is selected purposely for the research to represent 21 aimags in Mongolia. Uvurkhangai aimag is located in Khangai region (see cover page). Map 1.1 gives map of Uvurkhangai aimag, and Arvaikheer AC and Bayangol SC are highlighted. During socialism, economic and social development of Uvurkhangai aimag was similar to other aimags. Uvurkhangai aimag was established in 1931 with 31 soums, from Sain noyon khan aimag, the old administrative unit. In 2003, it has 19 soums and 108 baghs.

The major industry of Uvurkhangai aimag is traditional livestock rearing, like other aimags⁵. In 2000, 77.4% of employed persons work as agricultural workers in Uvurkhangai aimag (NSO and UNFPA 2001b: 62).

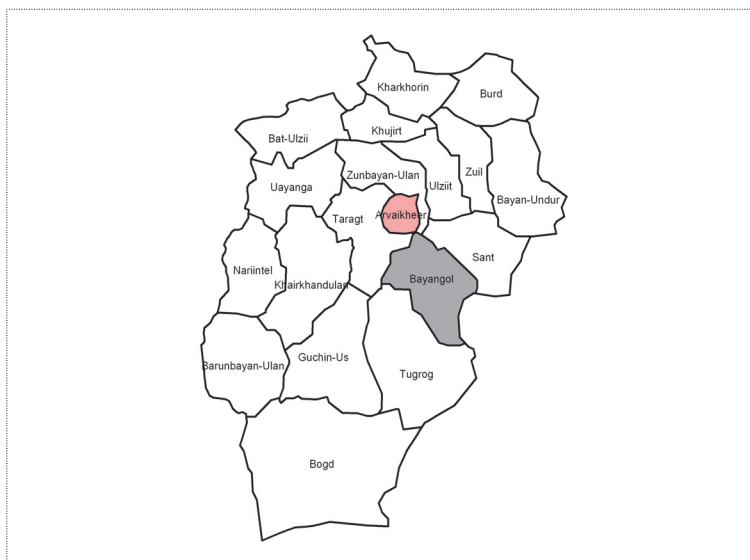
According to number of livestock, Uvurkhangai aimag ranks at 3rd in the country in 2003, with 1.7 million livestock. Also in 2002, 2358.6 hectares of land was cultivated (NSO 2004). There are few state level economic entities in Uvurkhangai aimag: wheat flour production factory in Kharkhorin soum, coal mining in Bayanteeg soum, resort and traditional treatment place in Khujirt soum, and tourist camps in Bayangobi and Kharkhorin soums.

Uvurkhangai aimag is the second largest aimag in terms of population, with 111,420 persons in 2000. Compared with other aimags, people were slightly less likely to move out of Uvurkhangai⁶ aimag. But in terms of migration to UB, Uvurkhangai aimag does not differ much from the average⁷.

Arvaikheer AC. Arvaikheer AC, as any other AC, is a small settlement. During 1940-1980s, manufacturing, construction, transport, trade and communication sectors developed in Arvaikheer AC, as in other ACs.

Arvaikheer AC was not developed to be a national industrial center. In 2003, it has 19.2 thousand population (NSO 2004). About 70% of households live in ‘ger district’, and the remaining 30% live in apartments (NSO and UNFPA 2001a). Arvaikheer AC is divided into 8 baghs: Sogoot, Emt, Delgerekh, Ulziit, Yagaan tolgoi, Ikh-Uul, Delgerekh denj and Rashaant. Our primary survey is conducted in 4 baghs (Sogoot, Yagaan tolgoi, Ikh-Uul and Rashaant).

Map 1.1
Arvaikheer AC and Bayangol SC of Uvurkhangai aimag



Bayangol SC. It was developed, as any other SC, as an economic, health, education, service, infrastructure and cultural center for livestock breeders. It is selected purposely for the research out of 19 SCs of Uvurkhangai aimag, as it can represent other SCs in terms of economic and social development. Bayangol soum has not developed a new industry in the new system, like tourism in Kharkhorin soum. It established in 1924. Bayangol soum is divided into 6 baghs: Unts, Ergen denj, Tsagaan

bulan, Khaya, Tsaviin ikher and Bayangol. Our primary survey is conducted in two baghs of SC.

For our research purposes, observations in different locations are aggregated, in Ch.4 and Ch.5. It lowers precision in terms of claims to representation, but increases sample size, covering the whole range of urban conditions in Mongolia.

1.7 Objective, design and organization of Primary Survey: 'Migration and Formal and Informal Employment', 2003, Mongolia

This section gives primary survey (PS) objective; period, place, design, coverage and scope; questionnaires and topics; staff, organization and interviewing; confidentiality; data collection, code development based on the open ended questions, editing, coding and data entry; and recoding, tabulation and analysis.

1.7.1 PS objective

The major objective of PS is to explore the questions and where appropriate provide verification or falsification to the theoretical hypothesis of the research (given in Ch.3), conducting analysis on labour force characteristics, informal sector and migration since transition to the open market system in Mongolia up until 2003.

1.7.2 PS period, places, design, coverage and scope

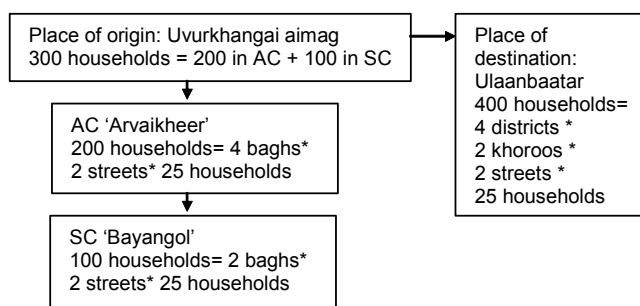
PS was conducted during one week (10-17 July 2003), following the weeks of preparatory work. The reference period was defined in line with the international standard censuses and surveys. In our survey, we did not face with the challenge of seasonality issue, as we covered settled places but not rural areas where nomads move during summer.

In UB, the place of destination (Sec. 1.6), PS conducted in four districts, namely in Bayanzurkh, Songinokhairkhan, Khan-Uul and Chingeltei, and in Uvurkhangai aimag in two soums, namely in Arvaikheer AC and Bayangol SC, the places of origin (Fig. 1.2).

PS is not a nationally representative survey, but it represents urban areas in Mongolia, as it is conducted in urban locations of the three administrative levels (see Sec. 1.6.2). We aimed at covering diverse livelihoods

in the PS, both in places of destination and origin, using the given time and financial resources. Sample design was done with purposely selection method until the households. Three stages purposely selected sampling is adopted. In UB, (1) districts, (2) khoroos and (3) streets; and in Uvurkhangai aimag, (1) AC and SC, (2) baghs, and (3) streets are selected purposely.

Figure 1.2
PS design and coverage



The basic criterion for selection, of horoos in UB and baghs in AC and SC, was to cover two different types of dwellings: 'ger district' and apartment (building). It is because livelihoods tend to differ by type of dwelling. Apart from this, we followed the selection principles adopted by the international standard surveys in Mongolia.

Four districts in UB are different. Khan-Uul is more industrial district, Chingeltei and Bayanzurkh have both central areas and suburbs, and Songinokhairkhan is the major in-migratory district. (For data analysis, UB data are not disaggregated by districts.) Arvaikheer AC is selected to represent 21 ACs, and Bayangol SC more than 300 SCs, in the country.

In each district in UB two khoroos, in AC four baghs, and in SC two baghs are selected to cover two different types of dwellings: 'ger district' and apartment (building). In Bayangol soum, rural area baghs are not included in the PS because agrarian livelihood is not our research area.

In each khoroo and bagh, 50 households are covered by two interviewers. One interviewer visited 25 households in one street. The 25 households in the street (or in one apartment/building) are not selected, but covered with no omit. It is to escape from bias of interviewers, as interviewers tend to choose small households.

In total, PS covers 700 households: 400 in UB, 200 in AC and 100 in SC. Out of 400 households in UB, 100 households are in-migrant households. In-migrant households are identified according to their migration status of household members, including head of household. But majority of in-migrant households are located in Songinokhairkhan district in our survey. PS scope is restricted to private households, and communal households, like student hostels, are not included to avoid having similar livelihoods in the small sample. Within the household, PS covers everybody aged 12+, and primary sampling units of PS are individuals. In our survey, as a total, 2,145 persons aged 12+ were covered in the three locations (Table 1.2). Out of which, 2,086 persons were living permanently, or for more than six months, in the households at the time of survey (Table 1 in Appendix E), and 59 persons were out-migrants out of the household⁸.

1.7.3 PS questionnaires and topics

Major topics of PS reported here are migration and livelihoods. Migration and employment have been studied separately and extensively in other censuses and surveys. However, census collects limited information on these topics while (labour force, living standard and migration) surveys tend to concentrate on the particular topic, and short of integrated livelihoods analysis.

The questions on migration are designed based on the modules of questionnaires developed for studying migration phenomenon in developing countries (see Bilsborrow et al. 1984:140-316). The PS studied migratory behavior of each person (aged 12+) in the household. Everybody aged 12+ is identified by migration status: in-, return, out-, potential and circular. In-, return and out- migrants are identified based on the past five-year before 2003. Furthermore, out-migrants who migrated abroad are identified as international out-migrants. Circular migrants are identified based on temporary living or absent status, for less than six months. Therefore, circular migrants are different from other migrants, including

return migrants. (See Sec. 1.8.4 for methods of recording migration status and Sec. 6.3, Ch. 6.) Potential migrants are identified based on question about the plan to move elsewhere permanently. Potential-migrants who intend to migrate abroad are identified as international potential migrants. Further, questions on in-, return, out-, potential and circular migrants are developed, separately.

The questions on employment are designed to be similar with those used in censuses and labour force surveys. We used questionnaires recommended by ILO for labour force survey. Current and usual activity methods were used to study economic activity.

Unlike censuses and surveys, in our PS, question on ‘reasons for not working’ was open ended. As a result, all people aged 12+ are categorized in relation to economic activity. (See Sec 1.8.1 for methods of coding current economic activity and workers status).

Information on employment (industry, occupation and employment status) is collected for three different jobs (first, previous/next to last and current), and ‘reasons for stopping jobs’ for two different jobs (first and previous), to study labour mobility. In the standard censuses and surveys, persons who hold jobs which can not fit into the international standard classifications (on industry, occupation and employment status) tend to be omitted and/or covered with unclear status, under the category ‘other’. In order to fill this gap, 1) all questions on employment (including on industry, occupation and employment status) were open ended, and 2) short instructions were printed right before the question on employment. As a result, activities and jobs which can not be easily captured by international standard classifications are captured, and informal sector is covered to a full extent in the PS (see Sec 1.8.2).

Apart from major topics, in order to collect background information about individuals and households, screening questionnaires for individuals and households are designed. Table 1.1 gives sections, topics and contents of forms.

We checked the data set for duplication before entering into data analysis, acknowledging the risk of ‘duplication’ and direct overestimation of migration, due to having separate forms for in- and out- migrants.

Table 1.1
Sections, topics and contents of forms of PS 'Migration and Formal and Informal employment', 2003, Mongolia

Forms	Sections and topics	Contents
Household questionnaire of PS (Form UAX-1)	1. Household roster	List of members, relationship to household head, age, sex, marital status, education, migration status and birth place
	2. Housing	Type of housing, water supply, heating, electricity, ownership of housing, and use for income generation
Individual questionnaire for everybody aged 12+ (Form XXAX-1) (Employment and potential migration)	1. Employment history (first, previous, current, 12 months and second jobs)	Reason for not working; industry, occupation, employment status and work place of first, previous and current jobs; income from current job; reason for stopping first and previous jobs; city or country of first job; and city or country of study of major profession.
	2. Potential migration	Intention for potential migration; intended time and place; economic push and pull factors, and social reasons for migration; and for those who do not intend to move 'reason for no (intention for) migration'.
	3. Circular migration (temporary absent or living)	Place of temporary stay; reason for temporary move; and frequency of temporary move in past 12 months
Individual questionnaire for out-migrants (Form XXAX-2)	1. Information about out-migrants	Year of out-migration; place of destination; economic push and pull factors, and social reasons for out-migration; and place of study of major profession of out-migrants.
	2. Employment before out-migration	If an out-migrant was not employed then reasons for not working; and if he/she was employed then occupation and work place of the last job in the place of origin.
	3. Employment after out-migration	If an out-migrant is not employed then reasons for not working; and if he/she is employed then occupation and work place of the current job in the place of destination.
Individual questionnaire for in- and return migrants, everybody aged 12+ (Form XXAX-3)	1. Information about in- and return migrants	Year of moving in; if migration was return then year of moving to previous place of residence; and economic push and pull factors, and social reasons for in- and return migration
	2. Pre-migration employment	If an in-migrant was working before migration then occupation, industry and employment status of the last job in the place of origin.
	4. Post-migration employment	If an in-migrant was working upon arrival then occupation, industry, employment status and work place of the first job in the place of destination.

1.7.4 PS staff, organization and interviewing

PS team involves 37 staff, majority of whom worked for 2000 population census of Mongolia. It includes 28 interviewers (one for each street or 25 households), six field supervisors (five heads of statistical divisions (4 districts of UB and Uvurkhangai aimag) and one secondary governor of Bayangol soum), one programmer (Mrs. Erdene-Sanaa Eldev-Ochir, the deputy of Data processing department of National Statistical Office of Mongolia (NSO), my friend), the PS supervisor for scope, coverage, design and organization (Mr. Batmunkh Batsukh, the Vice-Chairman of the NSO, my husband), and the overall supervisor and conceptual development manager, the author. Payment was made only after completion of the given tasks.

PS questionnaires were prepared during research design, and discussed with supervisors. Also PS questionnaires were tested and modified before the conduct of the PS. For this, case studies were conducted in Khan-Uul district covering 10 households, by the author only. As case study is the learning process (Chambers 1987:12), it is used not only as a basis for finalizing PS questionnaires but for preparation of short manuals on PS conduct.

Finalized questionnaires, manuals and household check lists were delivered to field supervisors on 10 June 2003. One day training was conducted for field supervisors and interviewers in UB and Uvurkhangai aimag. It was mainly refreshment training as they had experience on data collection.

The questionnaires were completed by interviewers, who visited households and conducted face to face interview with at least one adult person (aged 16+) in the household. The unique responsibility of interviewers was to inquire in detail, those cases which can not fit into given codes, and print them in full in the open space.

In the case of out-migrants, and temporary absent persons, information was obtained from the adult persons in the household, and we did not verify the given information in the place of destination. However, during the time of interview, it was instructed to verify information about out-migrants and temporary absent persons, asking from different adults in the household. Also cross check method was instructed to interviewers. At the same time, out-migrants and temporary absent persons were not interviewed in the place of destination. Also during data

processing, duplication was checked for several questions, and we did not find any duplication.

On the whole, the conduct of the PS was successful and smooth, as majority of PS staff had a rich and hands-on experience on data collection, including 2000 population census of Mongolia.

1.7.5 PS confidentiality

It was printed in the questionnaire that all information collected would be used for analysis only. This guarantees and safeguards confidentiality of information, and helped to improve coverage and quality of responses. However, there was one case, in Chingeltei district, who refused to cooperate, but a replacement was found.

1.7.6 PS data collection and processing

Data collection was completed during 10-17 June 2003. Completeness check was done by field supervisors for each form, and against household list. After completeness check, consistency check and editing was done by the author together with some interviewers. There were not many cases to which we needed to go back.

Code development was the most important stage of our PS. (It was completed by the author only.) Respondents provided diverse answers to the open ended questions. The code development was done in three stages: 1) all diverse responses to the open ended questions were collected from questionnaires, and listed in addition to the given codes, 2) collected responses, to the given question, were grouped and classified, after analyzing, and 3) finally relevant codes were given. After code development, coding has been accomplished with three other coders. The author also conducted second stage consistency check after coding. The coded and checked questionnaires were sent to the PS programmer. The PS programmer developed the programme, and entered the data into Microsoft ACCESS, with three other data entry persons.

1.7.7 PS recoding, tabulation and analysis

These tasks were completed by the author only. The PS data set which was in Microsoft ACCESS was converted into STATA8 for the analysis. However, the author experienced another challenging stage which is re-

coding. It was to improve the initially developed codes, based on the hands on experience in code development, as the author captured some patterns in and connections between codes for different questions. Almost all questions were recoded. However, some of the recoding was associated with analysis. Codes were developed for 'job change status' purely for analytical purpose. In other words, code development was also part of data analysis.

Data analysis was done by the exploratory data analysis (EDA). Before tabulation, variables were studied independently. Tabulation for the next chapter started only after accomplishment of analysis of the previous chapter. It was helpful in making plans for further tabulation and analyses.

The PS as a whole was a challenge. Among others, code development based on the open ended questions, and re-coding were the major challenges as these were done with a large sample (2,145 persons), for many questions, and by the author only.

1.8 Methods used in the PS: 'Migration and Formal and Informal Employment, 2003, Mongolia'

1.8.1 Methods of recording current economic activity and workers status

For studying current economic activity, the conventional method which is used in censuses and surveys, the 'labour force' or 'current activity' approach was used in the primary survey. It allows us to identify 'economically active' and 'not economically active' population (in working ages) based on short reference period of past week. Question on employment was asked from all persons aged 12+.

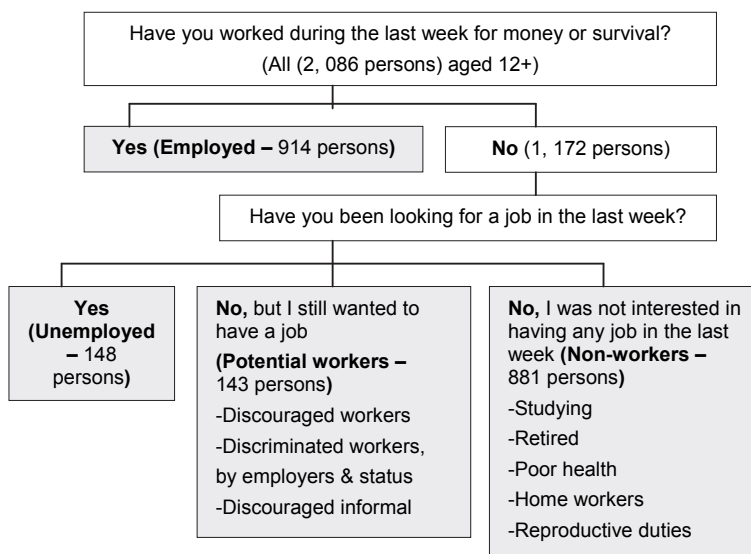
However, in order to identify everybody (aged 12+) according to workers status, and to achieve complete coverage of all relationships to work, the PS method (see Fig. 1.3) differs from the conventional method.

First, in order to achieve better (or complete) coverage of economically active persons in current economic activity, an emphasis was given if work was for cash, portable rewards in kind as well as for survival in terms of food and accommodation in the work place.

In our survey, job refers to any activity which is accomplished for rewards in cash and/or in kind (food, housing, goods or services). Main

job, in our survey, is defined based on duration in hours but not on level of rewards if one has more than one jobs. Current job refers to a main job accomplished at least for one hour in the past week before the survey. Thus our definition of a job allows to completely capture informal workers. As reported in the literature on informal sector, informal workers are often omitted from statistics as they do not consider themselves to be ‘employed’ (ILO 1993), and it is also true in Mongolia. Also it allows us to catch, for example, a person who looked after a baby not for cash but for in kind reward, or getting ‘free eating and sleeping place’, as engaged in work. In our PS, everyone who reported as having worked for more than one hour during the week before the survey not only for cash but also for rewards in kind, and for survival which also involves in-kind rewards, was considered as employed (i.e. in current economic activity). Also we aimed at capturing illegal informal jobs, as main jobs. However, there was no respondent who reported such ‘misemployment’ (prostitution, begging, etc.).

Figure 1.3
Methods of recording current economic activity and workers status



Source: Author's construction

Second, we asked from everyone aged 12+, if they were actively looking for a job in the past week, and identified formally unemployed persons. (We were interested to study hidden economic activities of employed persons, but it was negligible and therefore, it is not presented in the thesis.)

Third, question on ‘reasons for not working’ was open ended, in addition to conventional categories, like studying, retired, poor health, home workers, reproductive duties, home care takers and receiving assistance. Enumerators were asked to print in detail the ‘reasons for not working’, which did not fit into any of the given categories, in the given space. The printed responses were analyzed and coded by the author only. Thus, based on the current economic activity approach and ‘reasons for not working’, we categorized everyone aged 12+ according to workers status: employed, unemployed (active seekers for a job), non-workers (persons who have a reason not to work) and potential workers (persons who have no reason not to work or passive seekers for a job). In our PS, there is no category called ‘other’ for ‘reasons for not working’.

1.8.2 Methods of recording employment status: Full coverage of informal workers

Employment status is a key variable for identifying formal and informal workers. Employment status is defined based on a position of an employed person in relation to other employed persons in the same work (place). Conventionally, in censuses and surveys, five categories of employment status (employees, employers, self employed, cooperative members and unpaid family workers) have been used. Persons who do not fit into these categories were categorized as ‘others’. This pre-coded conventional method has limitations.

First, the category ‘other’ masks different ways of engaging in different jobs or economic activities. Second, economic activities tend to be under covered because of few given categories. In other words, some activities tend to be not considered as economic activities due to unclear employment status. Third, and therefore, informal sector was not fully covered.

However, when I was working, as a training coordinator, for the 2000 population census of Mongolia, I did realize that full coverage of all jobs or all economic activities (informal, and informal and formal mixed) in

censuses and surveys can be achieved, via defining employment status of each activity clearly and correctly. Informal and formal jobs, and therefore sectors, do not differ in terms of occupation and industry but differ in terms of employment status only. Let us take ‘a cleaner’ as an example. If cleaning is done for household with no pay then it is an unpaid work for household. If it is done for informal business with more or less permanent wages then it is a paid work in informal sector. If it is done as is found then it is a rotating/casual work. If it is done for school then it is a formal job. Let us take another example, production of Mongolian traditional boots. A boots maker, in terms of occupation, is an industrial worker, and in terms of industry, it is a production of boots (or manufacturing). If boots are produced and sold by one person then a boots maker is self employed. If boots are made in a factory then a boots maker is an employee. If boots are made in cooperatives, as it was the case during socialism in Mongolia, then a boots maker is a cooperative member. Thus a boots maker can be different in terms of employment status (self employed, an employee and a cooperative member) while occupation (an industrial worker) and activity (manufacturing) remain the same.

In order to define employment status correctly, it was asked from interviewers to inquire about economic activities in detail (for whom, how, where and what job was done and how rewards was paid), especially if an interviewer faced difficulties to fit employment status into the given standard categories, and print it in full (in question on occupation). It was also printed in the questionnaire itself, as an instruction, before the question on occupation – ‘What did you do?’, and for all jobs (first, previous and current). Analyzing the detailed and full answers on occupation, and checking it against answers to other questions, on industry and work place, of the same job, employment status was defined for each missing case and verified for each filled case, and coded accordingly, by the author only. Based on the analysis of answers on employment status of all jobs (first, previous and current; second and 12 months) in our survey (before and after coding), apart from conventional categories (employee, employers, self employed, cooperative members and unpaid family worker) of employment status, new categories and concepts have been developed. Moreover, employment status allows us to define labour type. Based on employment status in our PS, labourers are divided into three broad categories: formal labourers (FLs), informal labourers (ILs) and informal business workers (Inf.BWs) in Mongolia. Labourers sell

their labour for rewards in cash while business workers work for themselves and their remuneration is directly dependent upon the profits of the activity. Based on analysis of answers on employment status, and on the International Classification of Status in Employment (ICSE-93), the Classification of status in employment for Mongolia (CSEM-2003) is developed, and used in our PS, and this is discussed in Appendix D.

More importantly, every single job (or work undertaken for an hour or more in the reference week), especially informal jobs, is covered in our PS. In other words, qualitative cases in our survey are converted into quantitative data, using 'employment status', as a converting tool.

Furthermore, in order to define informal sector, and to distinguish informal sector from informal employment, we studied responses given to the open ended question on work place, and developed Classification of production units for Mongolia (CPUM)-2003, and used in our survey, among others, to define informal employment in the informal sector, and this is discussed in Appendix D.

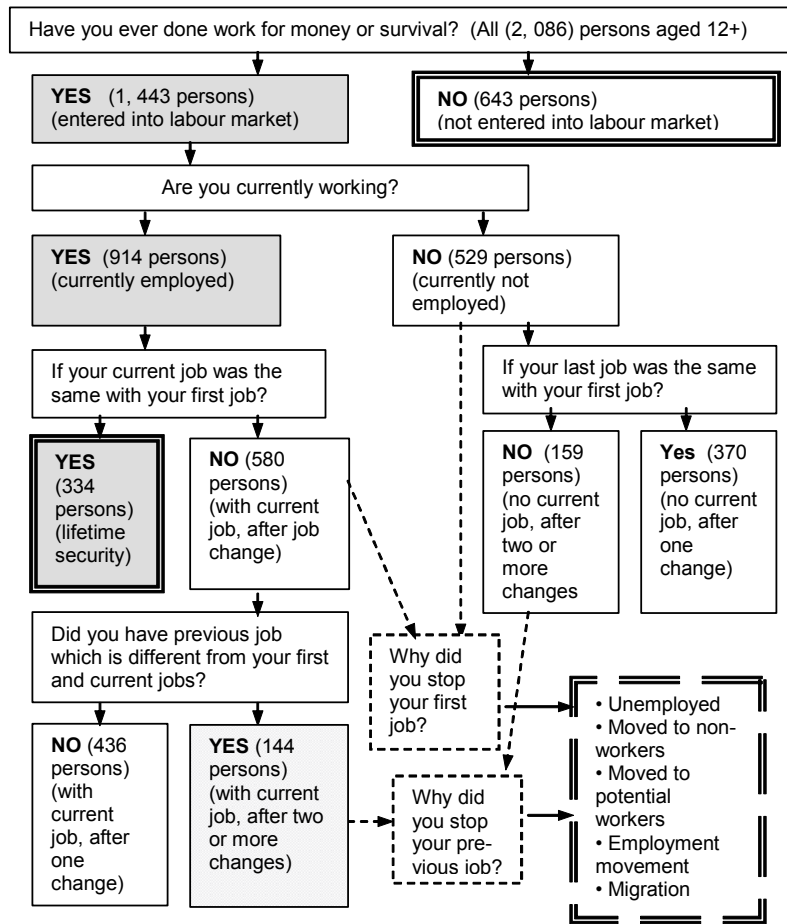
1.8.3 Methods of recording labour movement - 'Job change-method'

Labour movement in countries undergoing transition away from socialism has been studied extensively, but mainly using secondary data produced by the international standard labour force surveys and population censuses (see Ashwin 2002). However, they fail to bring out labour market changes in full extent (its magnitude, frequency and associated insecurity), and more importantly, do not allow us to understand the process of the change, as they fail to trace the labour market history. To fill this gap, in our PS, the method of labour movement was developed based on changes since the first job, looking at three jobs: first, previous and current. (See Sec. 1.8.1 for definition of job, main job and current job.) First job refers to a main job which did for the first time, and it refers to entrance into labour. Previous job refers to a main job which was accomplished before the current job, if a person had three or more jobs.

The 'Job change-method' (Fig. 1.4) identifies 'job change status' based on the stepwise questions from all persons aged 12+: 1) if one was entered into labour market, 2) if one was currently working, 3) if one changed his/her first job, and 4) if one had two or more changes in jobs (or if first, previous and current jobs were all different). Job change re-

fers to movement of the respondent from one job to different job, and therefore, it refers to corresponding changes, like having different employer, work place, industry, occupation and employment status. These give three categories (or status) of job change: ‘no change’ (334 persons), ‘one change’ (806 persons) and ‘two or more changes’ (303 persons).

Figure 1.4
Methods of labour movement - ‘Job change method’



Source: Author's construction

Further, those who made (one and two or more) changes in their jobs are categorised according to current employment: ‘with no current job after one change’ (370 persons), ‘with current job after one change’ (436 persons), ‘with no current job after two or more changes’ (159 persons) and ‘with current job after two or more changes’ (144 persons). (See also Table 1.2 and Table 4.1, Ch. 4.)

In our PS, persons aged 12+ are categorised (excluding out-migrants)¹⁰, according to five different ‘job change status’: ‘no change’, ‘one change with no current job’, ‘one change with current job’, ‘two or more changes with no current job’ and ‘two or more changes with current job’.

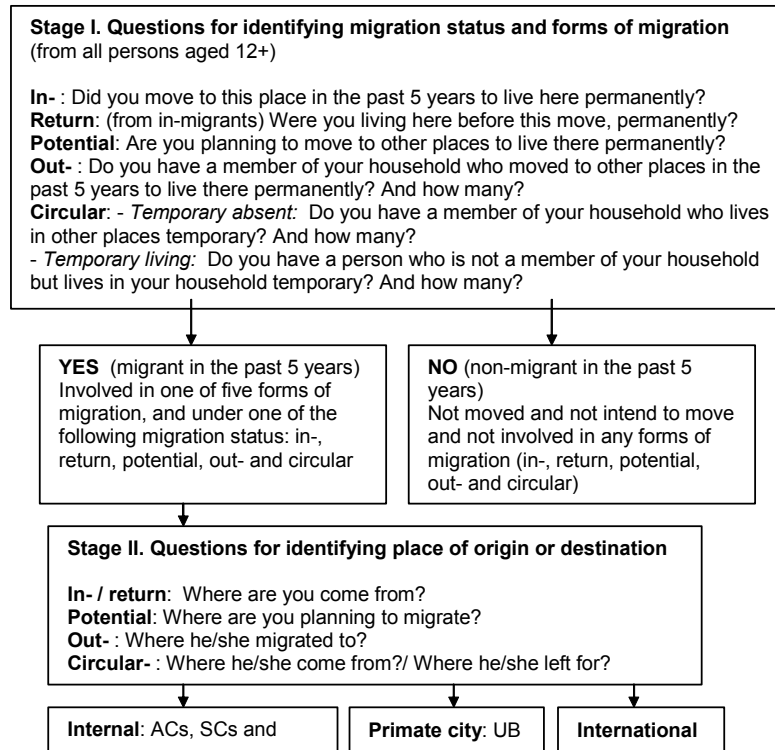
Apart from identifying ‘job change status’, ‘reasons for stopping jobs’ were asked from those who did stop first and previous jobs (see boxes in dashed line in Fig. 1.4). ‘Reasons for stopping jobs’ give reasons for entitlement failures, among others, ‘loss of job’. Also it gives type of movement: movement to not economically active population, employment movement as well as migration. Moreover, we asked two (first and second) important ‘reasons for stopping jobs’. It allows us to bring out association between the first and the second important reasons. More importantly, from these we can study association of different movements in the labour market over the whole working lives of the sample, not just the years 1989-2003.

1.8.4 Methods of recording migration status

In order to develop methods for migration status, we used guidelines for survey and questionnaire design of migration surveys prepared for low income countries by Bilsborrow et al. (1984). In our PS, everybody aged 12+ is categorized according to their migration status (see also *ibid*:49), and forms of migration (see Fig. 1.5).

In our PS, ‘non-migrant’ is a person who did not involve and does not intend to involve in any forms of migration (in-, return, out-, potential and circular) in the past five years before the survey. On the other hand, ‘migrant’ is a person who did involve in one of the forms of migration in the past five years before the survey, and also a person who does intend to involve in any forms of migration in the future. Five-year period was chosen to generate sufficient number of migrants (*ibid*:165). In other words, our PS identifies five forms of migration (in-, return, potential, out- and circular) in the past five years.

Figure 1.5
*Methods of recording migration status, forms of migration
 and place of origin or destination*



Source: Author's construction

Circular migrants are identified as having temporary living status at the time of survey, and temporary absent and temporary living persons constitute circular migrants. In other words, circular migrants are persons who were involving in temporary movement(s) (of less than 6 months) within the past five years before the survey. Circular migrants can be seasonal migrants if the temporary movements occur with changes in seasons. In our survey, we found a circular migrant who lives permanently in SC of Bulgan aimag and whose wife works as a teacher in the school of the SC, but who does construction work in UB during

summer and unpaid work in own SC in the remaining periods of the year. On the other hand, circular migrants are different from return migrants.

Table 1.2
*Number of persons aged 12+ in the PS
by their migration status and job change status*

Migration status/ Job change status	Total	Non-migrants	In-migrants	Return migrants	Circular migrants	Potential migrants
Total	2 086	1 605	260	21	35	165
Not entered into labour market	643	503	69	3	5	63
Entered into labour market	1 443	1 102	191	18	30	102
by job change status:						
No change (with current job)	334	274	25	3	6	26
One change (with current job)	436	339	49	5	12	31
Two or more changes (with current job)	144	95	32	4	3	10
One change (no current job)	370	305	39	1	5	20
Two or more changes (no current job)	159	89	46	5	4	15

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Circular migrants move on temporary basis while return migrants are persons who moved into the current place of residence to live here permanently, after living somewhere else permanently.

Based on migration status and place of origin or destination, we identified 6 categories of persons (see Sec. 6.3, Ch.6 for empirical definitions) in the three research locations (in UB, AC and SC):

1. Non-migrants
2. In-migrants (from UB, ACs, SCs, rural areas and abroad)
3. Return migrants (from UB, internal (ACs, SCs and rural areas), abroad),
4. Potential migrants (to UB, internal (ACs, SCs and rural areas), abroad),
5. Out-migrants (UB, internal (ACs, SCs and rural areas), abroad),

6. Circular migrants (to UB, internal (ACs, SCs and rural areas), abroad)

After identifying migration status, persons aged 12+ in our PS (excluding out-migrants) are categorised according to their job change status (see Sec. 1.8.3) and migration status in Table 1.2. Similarly, number of persons aged 12+ in our PS (excluding out-migrants)¹⁰ is categorised according to their migration status and workers status (Table 1 in Appendix F).

1.9 Other data sources and experiences

The PS is the major data source for the research. Apart from it, other data sources and experiences were essential.

1.9.1 Macro and meso level data

Macro and meso level data were collected and analyzed to study structural changes. Before going to the field work, a list of macro and meso level data to be obtained was made. Macro level data are obtained from institutions, NSO and Bank of Mongolia.

Meso level data is used to study changes during transition(s) in the places of origin and destination, or in the research settings. Meso level changes are essential as impact of macro level changes on micro level comes via meso level. It was also useful to study push and pull factors of migration in places of origin and destination. Meso level data is obtained from the statistical divisions of UB and Uvurkhangai aimag, and a statistician of Bayangol soum of Uvurkhangai aimag. Also I got valuable information from a person, who can be a good informant, who was working as an economist of negdel and second governor of the soum during socialism, about negdel, both on socializing and privatising of livestock.

Apart from the planned research settings, I visited Tosontsengel soum of Khuvsgul aimag and obtained some information on Ardiin zorig negdel of this soum. It is used as a comparison for studying changes in Shine Amirdal negdel of Bayangol soum during transition. Moreover, memories of the author and qualitative conversations between the author and persons met opportunistically in Bayankhongor and Gobi-Altai aimags are used for studying meso level changes in Mongolia during transition.

1.9.2 Case studies, on-going case studies, chatting (with elderly) and casual conversations

There were three major reasons for conducting case studies: 1) to conduct intensive research, 2) to learn about livelihoods (Chambers 1987:12), and therefore, 3) to review the livelihood and sustainability frameworks (Fig. 3.2, Ch. 3), and PS questionnaires.

Case studies were conducted according to the predetermined list of questions for interview which were constructed in line with the livelihood and sustainability frameworks (Fig. 3.2, Ch. 3). Case studies were conducted with participatory method, via discussion. Discussion was better than inquiry as it opens up and brings richer information. Moreover, discussion was held in a way in which as if we shared our views about problems and betterment of our livelihoods, in informal manner. The author opened up the discussion (or chatting): 'It was very difficult for me when my salary went down soon after the 20th order of government in 1990 (the famous order of devaluation). My living standard declined say almost 10 times. I was single at that time. Imagine if I had school going children....' It was useful to study inside of people's livelihood elements, failures, successes, strategies and plan, and livelihood ups and downs. Also it was useful to connect 'transitional experiences' with 'post-transitional behaviour' of informants. The unit of analysis was an individual in the household.

However, case studies did not stop in the field work locations, as informant and content can be changed as inquiry proceeds (Ellis 2000: 197). In order to understand transitional phenomenon better via obtaining rich and in-depth information, the author was conducting 'on-going case studies'. I was opening up discussion or chatting where and when ever there is an opportunity, in the plane to Uvurkhangai aimag, in the train to Zamiin-Uud, and when shopping. I found that a shop keeper (nearby my home) keeps pension books of elderly, and she says that elderly buy things pledging their pension books when they have no money, and books are many. Books are returned when pensioners pay money back to a shop keeper.

Among others, I value conversation or chatting with elderly. They talk about the generational changes. Later, I also learned to pick up some useful elements for the study from the casual conversations.

1.9.3 Lifetime observations, memories, personal living experience and hands on experience

Personal living experience was another major source of information, the fact that I was born, grew up and was educated in socialist system or in command regime, and experienced transitional changes. I have lifetime observations and memories which complement books, case studies and field work. Also I know what had happened to people around me: grandmother, parents, brother, cousins and friends. Also I have hands on experience on engaging in informal sector, in informal trade from Beijing to Moscow (sport shoes, leather jacket, leather gloves, etc.), during vocation to complement the low wages at the NSO, several times during 1991-1994. I stopped the informal trade because of entitlement failures (the stuff to sell was stolen in Irkutsk), and started to learn English.

Notes

¹ Feudalism in Mongolia in the beginning of the 20th century was an 'autonomous political and religious joint system' ruled by the living Buddha Bogd Khan.

² Number of persons who could read and write simple statements in any language with understanding to all persons aged 15 years and above.

³ Gorbachov started reforms under the name of 'perestroika' in 1987 in FSU.

⁴ According to the micro survey conducted by MSWL, PTRC and UNFPA in 2001, potential migrants are defined as persons who reported that they desire to migrate in the future.

⁵ In 13 out of 22 aimags, about $\frac{3}{4}$ of employed persons work in agriculture (NSO and UNFPA 2001b:62).

⁶ The five-year out-migration rate varies from 3.3% out of Bayan-Ulgii aimag to 16.6% out of Tuv aimag. Mean five-year out-migration rate is 10.5% and median is 10.6%. It is 7.1% for Uvurkhangai aimag (NSO and UNFPA 2002b).

⁷ The number of five-year migrants to UB during 1995-2000 varies by aimags, from 417 persons out of Gobisumber aimag to 8,582 persons out of Tuv aimag. The mean number of five-year migrants from aimags to UB was 3,588 persons and median was 3,212 persons. Number of five-year migrants from Uvurkhangai to UB was 4,155 persons, slightly greater than the average (ibid).

⁸ Comprehensive appendices are attached to this thesis for the use of future researchers as well as to provide confirmatory evidence for readers of the thesis.

⁹ Misemployment was defined by Gugler (1982:177) referring to the jobs which contribute little to social welfare but could be employed full time. These include begging, prostitution and street vendors.

¹⁰ Out-migrants are excluded to study labour mobility of permanently living persons (for more than six months) in the places of origin, and also to avoid incomplete information on employment and labour history.

2

Macro and Meso Level Changes during Transition in Mongolia

2.1 Introduction

During socialism, Mongolia was experiencing economic growth, though was not so prosperous, under the complementarities in economic structure (light industries based on comparative advantage) and international trade integration within the former socialist countries.

During transition, after political revolution in 1989, Mongolia did experience economic recession, due to collapse of former socialist block. In order to overcome economic recession, Mongolia implemented IMF and WB reform measures with no hesitation, and Mongolia did experience recovery in terms of positive economic growth.

However, in the open market system, Mongolia became aid-dependent country, like any other developing country. Also IMF and WB reform measures tend to be dismissive about economic structure (Wuyts 2003). After collapse of light-industrialization, export commodities of Mongolia changed from processed products to primary goods (Spoor 1996). Mongolia exports primary goods to China, at a given price. Under this situation, Mongolia is unlikely to experience agricultural-led economic growth.

Furthermore, IMF and WB reform measures tend to be dismissive about meso level, as it tends to use macro economics tools only. In the open market system, the major economic sectors in urban areas in Mongolia are trade and service, but not manufacturing. Also, at the meso level, self-sufficiency was dismantled in the open market system in Mongolia.

This chapter describes macro level changes, such as changes in economic structure (Sec. 2.2), and macro economic (Sec. 2.3) and export

(Sec. 2.4) performances, and meso level changes (Sec. 2.5) since transition in Mongolia.

2.2 Economic structure during socialism, transition and open market system

Industrialization is one of transitions towards socialism (Saith 1985:2). Mongolia did experience changes in economic structure during dependent socialism (see Sec. 3.2, Ch.3 for dependent socialism). The share of agricultural products declined from about 90% in 1921 to 61% in 1940, and further to 20.3% in 1990. On the other hand, the share of industry increased from 8.5% to 35.0% during 1940-1990 (Table 2.1).

Table 2.1
Percentage distribution of PNI by sectors, selected years

	1940	1960	1980	1990
Total	100.0	100.0	100.0	100.0
Industry	8.5	14.6	29.3	35.0
Agriculture	61.0	22.8	15.0	20.3
Construction	0.8	6.7	6.1	5.6
Transport	0.6	8.9	10.1	8.5
Communication	0.1	0.2	1.1	1.7
Trade and procurement	9.1	44.2	36.3	27.4
Other	19.9	2.6	2.1	1.5
Agriculture	100.0	100.0	100.0	100.0
Livestock	99.6	84.2	81.7	72.6
Crop	0.4	15.8	18.3	27.4

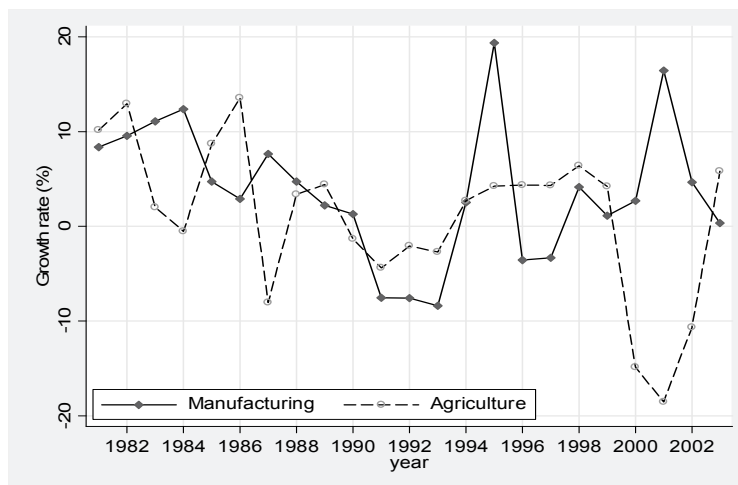
Source: SSO (1991:15&26)

Although, from the beginning, Mongolian socialist government put forward goals to establish national industries, the comprehensive industrialization plan was developed after World War II (WWII), when Mongolia adopted the first five-year plan (1948-1952). It was aimed to trans-

form Mongolia, first from ‘agricultural’ to ‘agricultural and (light¹-) industrial’, and then to ‘(light-) industrial and agricultural’ country. In the beginning, majority of industrial factories were cooperatives² (or the arthels). The cooperatives produced (hand made) personal and household consumer goods (boots, clothes, housing materials, furniture and cleaning instruments), and cooperatives were indigenous manufacturing which were not dependent on outside technologies and machineries.

In 1958, for the first time, Mongolian government set targets to establish industrial (or the material and technical) base of socialism³ (see Namjim Tumur 2002:55&138). The main growth in manufacturing did occur during 1975-1990, when (No.3 and No.4) power stations (the major component of the material and technical base) were constructed in UB (ibid:98). During 1960-1980, industry experienced significant increase, from 14.6% to 29.3% (Table 2.1). Mongolia became light-industrialized country during socialism, by the 1980s (Namjim Tumur 2000). However, copper mining, in Erdenet city (Bayan-Undur soum of Orkhon aimag), which was into operation in the late 1970s, accounts for majority of increase in industrial sector.

Figure 2.1
Manufacturing vs. agriculture, Mongolia, 1981-2003



Source: Macro economics department, NSO, Mongolia

Two types of manufacturing, state and cooperative (indigenous), did coexist until the late period of socialism, when cooperatives were abolished in 1980s. Light-industries produce final products using raw materials from agriculture. Therefore, agriculture was a secure sector as light-industries were buying agricultural raw materials. But during socialism, both agriculture and manufacturing were subject to year to year fluctuations. (See Fig. 2.1 for performance of manufacturing and agriculture of Mongolia for the three periods: socialist (1981-1989), transition (1990-1995) and open market system (1996-2003)). The poor performance of agriculture is followed by the poor performance of manufacturing. It suggests inter-dependence of agriculture and light-industry. In other words, Mongolia had complementarities in economic structure during socialism.

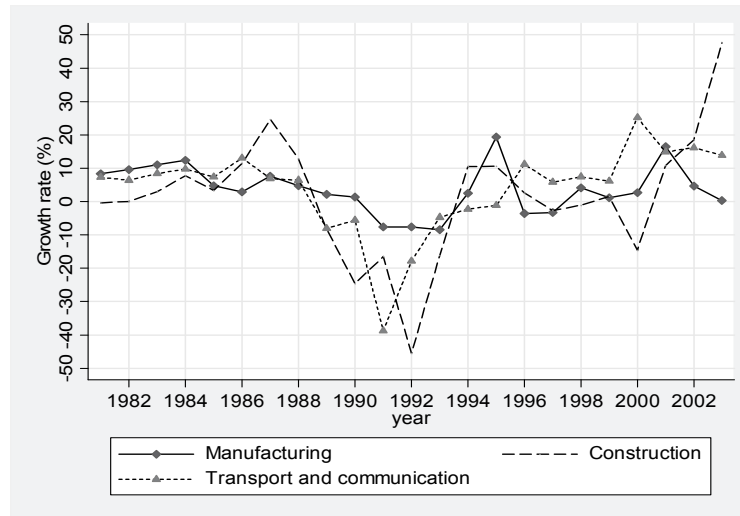
Major export commodities, apart from products of mining and quarrying, were products of light- (or processing) industries (such as boots, winter coat, leather jacket, carpets and canned meat) rather than agricultural raw materials (such as wool, meat and skin) in Mongolia.

However, mining and light-industries in Mongolia were dependent on outside (Eastern and Central European (ECE) countries and Former Soviet Union (FSU)) technologies and techniques. In other words, light-industrialization in Mongolia was 'dependent industrialization'.

Apart from light-industry, diversification of agriculture occurred in Mongolia during socialism. Crop agriculture was introduced in the economy. It accounted to more than a quarter of agricultural product in 1990 (Table 2.1). In some years, among others, wheat production of Mongolia was more than its domestic consumption, and was exported. Crop agriculture concentrated in Bulgan, Tuv, Selenge and Khentii aimags. Because of crop agriculture, population of these aimags doubled during 1960-1990 (SSO 1991:16). Furthermore, crop agriculture serves as a sustainability engine for livestock rearing, providing fodder for livestock.

Apart from agriculture and light industry, other economic sectors, like construction, and transport and communication grew during socialism. During socialism, growth rates of construction, and transport and communication varied between 0 to 20% (Fig. 2.2).

Figure 2.2
Manufacturing vs. Construction, and Transport and communication, Mongolia, 1981-2003



Source: Macro economics department, NSO, Mongolia

During transition, economy of Mongolia declined (see Fig. 1.1, Ch.1), and both agriculture and manufacturing experienced decline (Fig. 2.2). The decline in agriculture was less severe because there was no natural disaster (over snowing during winter and droughts during summer) in Mongolia during transition. In other words, during transition, agriculture, namely livestock rearing, was resistant while manufacturing did collapse as it was dependent light-industrialization. However, the collapse of trade integration is likely to have been the major reason for collapse of light-industrialization. In East Germany, one third of the fall in industrial production was accounted by the decline in export (Gros and Steinherr 2004). In Mongolia, mining did not collapse but light-industries did collapse during transition while both of them were dependent on former socialist technologies and techniques.

Unlike agriculture, transport and communication, and construction sectors did collapse together with manufacturing during transition (see

years 1990-1994, Fig. 2.2). The severest decline did occur in construction. It gives an important message that construction is an infrastructure sector, like transport and communication, and electricity, heating and water supply, as all did collapse together with manufacturing.

In the open market system, during 1996-2003, economy of Mongolia was growing (see Fig. 1.1, Ch.1). In Mongolia, in the open market system, manufacturing reached two peaks, in 1995 and 2001. These peaks were not recovery of light-industries. Instead, sewing industries emerged in Mongolia. On the other hand, agriculture experienced severe decline in the open market system. But this was mainly due to natural disasters in consecutive years of 1999, 2000 and 2001⁴. Livestock rearing became more and more vulnerable and insecure in the open market system, after collapse of *negdel*. Newly emerged sewing industries do not buy agricultural primary products. Thus, there was a shift from complementarities in economic structure during socialism to lack of linkages in the open market system in Mongolia.

In the open market system, transport and communication, and construction sectors perform better than manufacturing. Especially, in 2003 construction sector grew at 50%. This growth is likely to be in UB, in response to newly emerging business opportunities in there, rather than due to the construction of new manufacturing entities in UB as well as new manufacturing centers in other places.

In short, economic structure changed dramatically in Mongolia since transition. Collapse of light- industrialisation, and therefore, complementarities in economic structure had negative impact on two sectors of Mongolia: light-industry and agriculture. After collapse of light-industries, the major buyers of products of livestock rearing sector, agriculture, namely livestock rearing, became insecure and vulnerable, and became dependent on outside buyers (Sec. 2.4).

2.3 Macro economic performance during socialism, transition and open market system in Mongolia

2.3.1 Domestic absorption: From investment to private consumption

Mongolia, as any other developing country, has been dependent on outside economic pressures. Mongolia has been using more goods and ser-

vices than what it has produced, as it does not produce all that it needs. During socialism, according to accounting framework of resource availability and its use⁵, imports of Mongolia accounted for 20-40% of GDP (Table 2.2), under the trade integration within the Commission for Mutual Economic Assistance (CMEA). After the collapse of CMEA, Mongolia opened up to the wider world. Also liberalization of imports and exports was one of the measures for transition to the open market system.

Table 2.2
The availability of output and its use in economy of Mongolia, selected years

	1980	1985	1990	1995	2000	2003
Resource availability						
GDP	100.0	100.0	100.0	100.0	100.0	100.0
Imports	32.6	37.5	42.6	46.0	74.7	80.2
Total	132.6	137.5	142.6	146.0	174.7	180.2
Resource use						
Domestic absorption	118.8	121.1	123.1	101.1	115.3	118.4
Exports	13.8	16.4	19.5	44.8	59.5	61.8
Total	132.6	137.5	142.6	146.0	174.7	180.2

Source: Macro economics department, NSO, Mongolia

As a result, in the open market system, imports, as a share of GDP, increased more than two folds compared with socialist period. In 2003, Mongolian imports accounted for 80% of GDP. At the same time, exports of Mongolia, as a share of GDP, increased more than four times. Thus there was no significant change in domestic absorption as a share of the GDP.

However, in terms of components, there was a change in domestic absorption (Fig. 2.3). During socialism, the trade gap, the difference between 100% GDP line and domestic absorption line, was still negative, but with less fluctuation. This huge trade gap was financed by long term loans taken from former socialist countries.

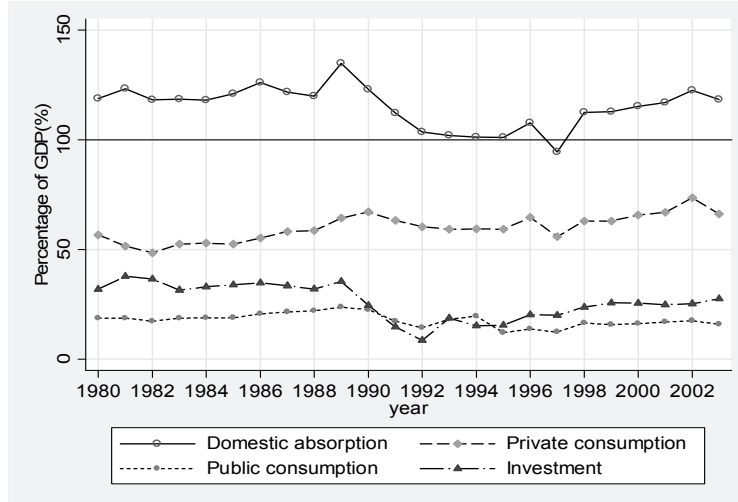
During transition, from 1989 to 1995, the trade gap narrowed dramatically. It presents break up of usual flows of exports and imports due to

the collapse of trade integration. It was one of the reasons for ‘goods famine’ during transition in Mongolia.

During both periods, socialist and transition, investment is highly responsive to the trade gap. The line of investment is similar, in behavior, with the line of domestic absorption during these periods. Investment dropped from 35.4% in 1989 to 8.6% in 1992, as a share of GDP. It shows that during socialism, imports were used in investment, to build light-industries, schools and hospitals.

In the open market system, trade gap has been widening. But it was not due to the increase in investment. In the open market system, investment, as a share of GDP, did recover compared with that during transition, but never matched that during socialism. Instead, it leveled off, and investment is no longer sensitive to the trade gap.

Figure 2.3
Domestic absorption, Mongolia, 1980-2003



Source: Macro economics department, NSO, Mongolia

Moreover, public consumption, as a share of GDP, decreased compared with that during socialism. On the other hand, the behavior of pri-

vate consumption is almost the same as the behavior of trade gap in the open market system (Fig. 2.3).

Therefore, it is important to find out how the trade gap, and therefore, private consumption is financed in the open market system in Mongolia.

2.3.2 Financing trade deficit: From loan-driven investment to aid-driven private consumption

Trade deficit can be financed by current payment flows, 'factor payments' (payments made in return for factors of production) and 'transfer payments' (payments which are not made in return for factors of production) (see Wuyts 2003:343-344). From balance of payments, we can see that factor payments did not completely offset the trade deficit as they have been negative since transition, except in 1999 (Table 1 in Appendix A). Inflows were negligible during transition, but increased in the open market system. It suggests that the opportunity to earn outside the country increased in the open market system in Mongolia. Emigration, especially to South Korea, might explain some of these earnings. On the other hand, outflows declined in the open market system compared with that during socialism. In the open market system, and since 1996, Mongolia started to pay interest payments, after five years of use of IMF credit. In 2001, half of outflows went to interest payments.

Transfer payments of Mongolia are mainly inflows. During socialism, government inflows were negligible (in 1989, only 3.9 million US\$). Also there are no private inflows. In the open market system, government and private inflows increased dramatically. Compared with 1989, government inflows increased 9 times in 1991, and 22 times in 2003. Mongolia has been receiving more and more aid and grants to fund the trade deficit. Also private inflows increased from none to account for almost half of transfer payments in 2003.

However, Mongolia remains with deficit on its current account, as transfer inflows fail to finance the trade deficit. During socialism, Mongolia was an 'indebted country'. In 1989, deficit on current account amounted to 1,190.4US\$. It was mainly due to the medium and long term government loans. Machinery and equipments were bought with these loans, from former socialist countries, and mainly from FSU. Therefore, the behavior of trade gap was similar to that of investment

during socialism (Fig. 2.3). Government loans created debt, during socialism in Mongolia. (In 1991, the debt was fully abolished by the agreement made between Russia and Mongolia.) On the other hand, in the open market system, a new element, direct investment appeared in the capital and financial account (in 1992), and it increased constantly. Finally, the overall balance of payments remains negative, as the deficit on current account can not be financed by capital and financial account transactions.

In short, trade deficit of Mongolia, as any other developing country, has been financed by foreign loans, grants and aid. In the open market system, private consumption of Mongolia is financed by foreign aid, as private consumption was similar in pattern with trade gap (Fig. 2.3). In other words, there was a shift in domestic absorption 'from loan-driven investment to aid-driven private consumption' during transition in Mongolia. At the same time, as capital and financial account suggests, there was a shift from 'loan-driven investment to direct investment' during transition in Mongolia. Furthermore, these suggest that new jobs can be created in sectors where there is a foreign direct investment.

2.3.3 Increased trade integration: From loan-driven to aid-driven investment

Investment, according to the accounting framework (Sec. 2.3.1), equals to domestic savings and trade gap. Therefore, trade gap is a key variable for trade and growth link (Wuyts 2003:345-346).

During socialism, export coefficients, export as a percentage of GDP, were increasing gradually, as Mongolia was becoming light-industrialised country by the 1980s (see Fig. 2.4 for export and import coefficients or trade integration). Import coefficients were always greater than export coefficients, as Mongolia was under trade deficit during socialism. However, trade integration was lower during socialism than in the open market system. Trade integration accounted for 57% and 83% of GDP in 1988 and 1989, respectively. It suggests that Mongolia was more likely to use 'what it produced'.

During transition, import and export coefficients dropped dramatically reflecting the collapse of integration within the CMEA. In 1993, both export and import coefficients increased and there was no trade gap (or trade deficit).

In the open market system, both import and export coefficients increased dramatically. In 2003, export accounted for about 60% of GDP and import for about 80% of GDP. Mongolia became truly open, with trade integration of 140% of GDP. It implies that ‘what is produced’ in Mongolia is less and less likely to be used in the country while Mongolia is more and more likely to use imported products. Trade openness, together with changes in domestic absorption, which is a shift from investment to private consumption, suggests that there was a shift in type of imports, from machinery and equipment to consumer goods.

However, under the larger trade openness, investment, as a share of GDP, declined, compared with that during socialism (Fig. 2.3).

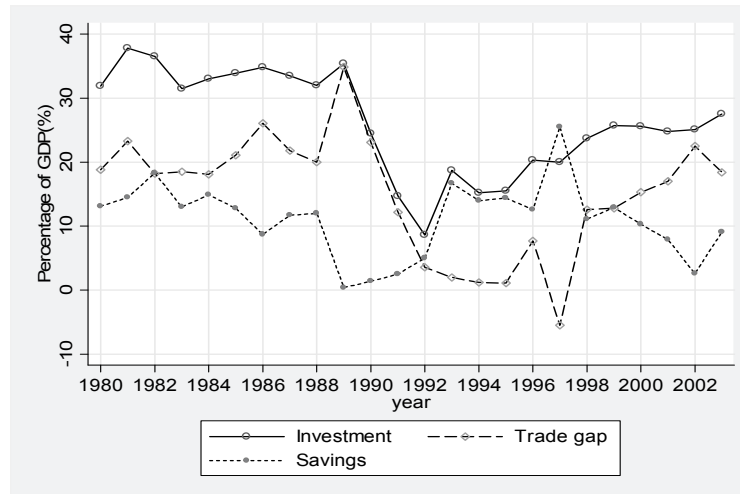
Figure 2.4
Exports and imports as shares of GDP, Mongolia, 1980-2003



Source: Macro economics department, NSO, Mongolia

During socialism, investment was more likely to be financed by trade gap (or foreign borrowing) rather than saving (see Fig. 2.5 for financial resource components for investment: savings and trade gap).

Figure 2.5
Investment, savings and the trade gap, Mongolia, 1980-2003



Source: Macro economics department, NSO, Mongolia

During transition, trade gap, and therefore, investment declined dramatically. It reflects the collapse of loan-driven investment after socialism (Sec. 2.3.2). In 1992, the severest year of transition, investment declined to account for less than 10% of GDP. In 1993, investment recovered due to increase in the share of savings. Domestic savings continued to finance investment until 1997.

In the open market system, investment increased but never matched with that during socialism. Also, savings declined to account for a little of GDP. In 2002, saving accounted for only 2.7% of GDP. It is about four times decline compared with that during socialism, 10% of GDP. On the other hand, trade gap is increasing in the open market system. In 1993, two years after the use of IMF credit, as Mongolia started to implement liberalization policy, both exports and imports increased as a percentage of GDP (Fig. 2.4). After 1997, import increased dramatically while export increased slowly. Trade gap increased to reach the level of investment, in 2002. It suggests that aid went to investment between 1997 and 2002. In other words, aid-driven investment (Wuyts 1994) did

appear in Mongolia in the open market system, in addition to direct investment. However, this trend was broken in 2003, savings and investment increased and trade gap declined.

More importantly, decrease in savings, as a share of GDP, suggests that the openness of Mongolia does not help the economy and employment to grow, using its domestic savings. In this case, aid finances private consumption as well as investment. Under this situation, job creation is likely to be limited.

2.4 Export performance since transition in Mongolia

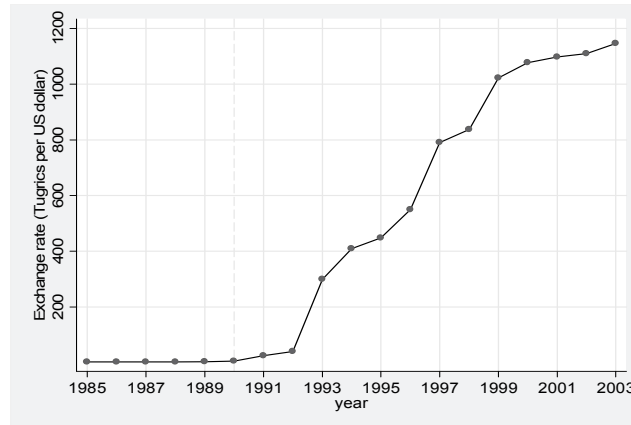
Devaluation is a tool for establishing a floating foreign exchange rate in the country, to promote exports (see Dornbusch and Helmers 1988). In Mongolia, devaluation was a major measure, alongside privatization, for transition away from socialism (Griffin 1995:13).

During socialism, Mongolia was under strict fixed exchange rate regime⁶, with no change in nominal exchange rate. Since 1988, one year before the democratic revolution, individuals started to exchange foreign currencies freely. The price of tugriqs (Mongolian national currency) against US\$ started to weaken. But nominal exchange rate of tugriqs, against US\$, increased only by two tugriqs in two years, 1988-1990 (Fig. 2.6).

‘Getting prices right’ was one of the elements for the openness, apart from trade liberalization. Tugriqs devalued in 1990. Dramatic increase in nominal exchange rate did occur after devaluation of tugriqs, in January 1990, after the 20th government order (Fig. 2.6).

Devaluation or foreign exchange market liberalization, changes domestic price relations, and therefore, increases domestic prices. Thus devaluation can result in increase of ‘goods availability’ but does not devalue local currency in real terms, and real exchange rate was falling in developing countries. In other words, semi-floating exchange rate prevails in developing countries (Wuyts 2003:359-365). Thus, Mongolia moved from fixed to semi-floating exchange rate during transition, and Mongolia became open, and export was promoted.

Figure 2.6
Nominal exchange rate, Mongolia, 1985-2003



Source: Macro economics department, NSO, Mongolia

As a result of the openness, export trade partners changed. During socialism, trade partners of Mongolia were essentially member countries of CMEA, and Former Soviet Union (FSU) was the major trade partner. In 1980, 79.3% of exports traded to FSU (Table 2 in Appendix A). Also during socialism trade with China was negligible. Mongolia was somewhat closed country for China, mainly due to political relation between Moscow and Beijing. In 1980, only 0.9% of exports traded to China.

In the open market system, number of trade partners of Mongolia increased. In the open market system, export to Russia declined dramatically. In 2003, only 6.7% of exports traded to Russia. On the other hand, export to China increased, to account for half of exports in 2003. Thus there was a shift in the major trade partner from FSU (or Russia) to China during transition in Mongolia.

Also, in the open market system, after the collapse of internationally integrated trade partnership within the CMEA, ECE countries, such as Bulgaria, Poland, Romania and Hungary, are no longer major export partners. On the other hand, South Korea, Singapore and Australia emerged as export partners. In terms of trade integration, there is a movement from ECE countries to North and East Asia. In other words,

trade integration changed from politically closer partners to spatially closer neighbors.

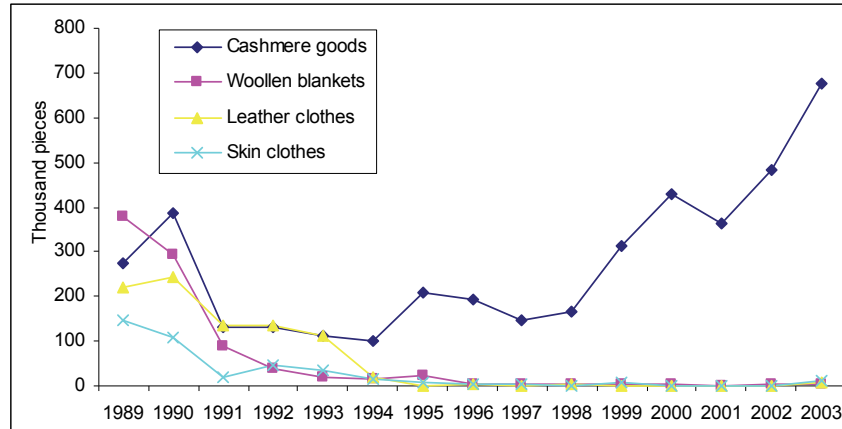
Apart from trade partners and trade integration, main export commodities also changed during transition. The main export commodities, which are inherited from socialism, are minerals (copper, molybdenum and fluor spar concentrates), and precious metal and stones, and light industry products (see NSO 2000, 2004). The major export earning of Mongolia comes from copper concentrate. The major producer of copper concentrate is Erdenet joint venture company of Russian Federation (before FSU) and Mongolia, which was established in 1976. During socialism, copper concentrate was mainly exported to FSU, mainly to Kazakhstan, and to lesser extent, to Russia, but not to China (Table 3 in Appendix A). Since 1999, China became the 'main buyer' of copper concentrate.

During transition, light-industry products (like carpets, woollen fabrics, blankets, cashmere goods, skin clothes and canned meat), and semi-processed agricultural goods (like ball cashmere, combed goat down and sheep scoured wool) became less available for exports as majority of light-industries closed, after privatization, mainly due to high interest rate⁷.

In the open market system, since 1995, woollen blankets, and leather and skin clothes almost disappeared as export commodities (Fig. 2.7). In 2000, only few hundred leather goods exported.

On the other hand, export of cashmere goods increased in the open market system in Mongolia. Also export of raw and combed cashmere increased (Table 4 in Appendix A). Export of raw (greezy) cashmere has been fluctuating since transition. Export increases when price increases. Livestock breeders tend to wait for price increase, and store cashmere. Therefore, there is no clear trend, in both value and volume. Moreover, during socialism, Mongolia did not export cashmere to China. In 1991, only 3.8% of raw cashmere was exported to China. Export of raw cashmere to China increased during transition, and in the open market system, China became the 'only buyer' of raw cashmere of Mongolia.

Figure 2.7
Export of selected light-industry products, Mongolia, 1989-2003



Source: NSO (1994, 2000)

Like raw cashmere, export of combed goat down (or combed cashmere) has been fluctuating since transition. However, the general trend depicts that it increased compared with socialist period. Unlike raw cashmere, price of combed goat down decreased about three times, from 158.2US\$ per kg in 1989 to 43.3 US\$ per kg in 2003. Moreover, China is a 'main buyer' of combed goat down of Mongolia, but not the 'only buyer'.

Camel wool, like cashmere, is a major export commodity in Mongolia. Export volume and price of camel wool declined since transition (Table 5 in Appendix A). In 2003, compared with 1989, Mongolia exported five times less camel wool, and at 3.5 times lower price. Like raw cashmere, in the open market system, China is the 'only buyer' of camel wool of Mongolia. Similarly, in 2003, compared with 1989, Mongolia exported four times less sheep wool, and at five times low price. China is the 'main buyer' of sheep scoured wool. Sheep wool is exported at extremely cheap price, four or six US cent per kg. Since transition, after collapse of light-industries, livestock breeders could not find place to sell wool, and therefore, in many cases, livestock breeders do not collect sheep wool.

Box 2.1*China as a 'price maker' for primary goods of Mongolia*

In 1996, price of goat skin is increased in Mongolia. It was due to the high price offered by Chinese traders. It could be due to the increase in demand of goat skin in China. Thus livestock breeders started to slaughter goats to get their skins rather than to keep them for cashmere. At this moment, the cost of meat of one goat was only one US\$. It is because goats were slaughtered not for meat but for skin. The author was enjoying this cheap price of goat meat. It was really cheap because I got one goat meat, (around 18 kg), with the price of one kg meat (mutton or beef or goat meat in normal time).

During field work, I saw sheep wool was falling naturally from animals. Similarly, Mongolia produces and exports millions of hides and skins yearly, and China is the 'only buyer' of hides and skins. Thus in the open market system, China became 'major buyer', and therefore, 'price maker' and 'policy maker' for majority of primary goods of Mongolia (see also Box 2.1). Moreover, export of primary goods became informal. Livestock breeders sell their products in the raw material market, and in some cases they go to China to sell their products. More importantly, export of Mongolia has been increasing, in terms of volume.

On the other hand, export price has been declining (Table 2.3). Overall export price has been fluctuating, but it is lower than the previous year for majority of given years, except 2000 and 2003.

In line with it, terms of trade, the ratio of export to import prices, has been fluctuating, around a falling trend. Terms of trade of agricultural primary goods (for commodity groups, animals and animal originated products; and skins, hides, fur and articles thereof) has been both fluctuating and declining during 1998-2003.

Due to decline in terms of trade, agricultural export-led growth is unlikely to occur in developing countries, in contrast to the expectation of the Berg report (Wuyts 2003). In the open market system, Mongolia, as in any other developing countries, is exporting more and more primary goods to China in order to keep the same imports in terms of volume.

In short, China became a 'main buyer' of primary goods of mining and quarrying, and agriculture in the open market system in Mongolia. Also livestock rearing, the traditional industry, is insecure and vulnerable, and associated with unpredictable fluctuations, in the absence of light-industries, in the open market system in Mongolia. More importantly,

due to semi-floating exchange rate, Mongolia export more and more primary goods, to keep the same imports in terms of volume. Furthermore, livestock breeders tend to face insecurity and vulnerability, as they need to rear more and more animals in order to have the same level of living over the time.

Table 2.3
Export and import price changes, and terms of trade, by major groups of commodities, Mongolia, 1998-2003 (previous year=100)

Groups of commodities	1998	1999	2000	2001	2002	2003
Export price - Overall	82.5	97.8	118.7	83.5	98.8	118.7
Animals & animal originated products	129.4	109.5	103.9	96.7	103.0	111.6
Minerals & mineral products	62.4	92.8	127.1	85.6	96.2	111.6
Skins, hides, fur & articles thereof	117.4	101.1	92.0	103.4	103.5	109.1
Textiles and textile products	83.1	103.3	141.1	66.9	91.3	133.4
Precious metals & stones, & articles thereof	89.8	94.0	100.4	101.2	107.0	119.1
Import price - Overall	124.1	113.5	147.3	139.2	100.9	119.4
Animals & animal originated products	89.5	79.6	69.7	132.0	96.3	103.1
Minerals & mineral products	93.5	96.9	133.5	106.3	91.2	114.5
Skins, hides, fur & articles thereof	13.0	100.6	154.3	115.7	43.2	165.1
Textiles and textile products	89.6	94.7	135.9	77.8	150.6	98.3
Precious metals & stones, & articles thereof	-	59.7	113.9	114.1	186.8	46.7
Terms of trade - Overall	66.5	86.2	80.6	60.0	97.9	99.4
Animals & animal originated products	144.6	137.6	149.1	73.3	107.0	108.2
Minerals & mineral products	66.7	95.8	95.2	80.5	105.5	97.5
Skins, hides, fur & articles thereof	902.8	100.5	59.6	89.4	239.6	66.1
Textiles and textile products	92.7	109.1	103.8	86.0	60.6	135.7
Precious metals & stones, & articles thereof	-	157.5	88.1	88.7	57.3	255.0

Source: NSO (2004)

2.5 Meso level changes during socialism, transition and open market system in Mongolia

During transition, after collapse of light-industrialisation, new manufacturing, except sewing manufacturing, did not emerge in the open market system in Mongolia (Sec. 2.2). The collapse of manufacturing and other sectors during transition damages economic situation in different places

in Mongolia. The next section describes changes in establishments, in the three research settings (UB, and Arvaikheer AC and Bayangol SC of Uvurkhangai aimag), and among others, it presents that trade, service and public administration, rather than manufacturing, are the major sectors in the three urban locations.

2.5.1 Establishments in UB - during socialism, transition and open market system

When Mongolia moved to socialism, UB, the capital city had about fifty thousand population, and there were few factories like slaughtering house and beer factory in 1924. By the 1930s, number of factories in UB increased to include sausage, sewing, soap, bricks and lime factories. On 26 March 1934, the first large scale factory, industrial complex, opened in UB. It had 1,200 employees, and yearly production amounted to about 70 thousand boots, 15.2 thousand skin clothes, and 23.6 thousand meters woollen fabrics. At the same time, small scale state and cooperative factories emerged in UB. By 1941, there were 50 factories in UB. During WWII, large scale meat processing factory opened in UB. During 1950-1960, skin processing, wool washing and processing, and furniture factories opened.

During socialism, UB became a center of light-industrialisation (see Namjim Tumor 2002:470-512). During 1970-1980, under the light-industrialization policy, Mongolia aimed at producing final products for export. During this period, several large scale processing factories which produced export products were reestablished in UB: 'Gobi' company which produces cashmere and camel woollen products, carpet factories, sewing factories, fur and skin clothes factories, and milk factories. At this time, power or electro plants No III and No IV were established in UB. Also construction material companies were established. Thus during socialism, there were large scale state factories in UB, and there was no informal sector and no private sector.

During transition, before privatization (1991), household business started to be allowed, especially in service and trade sectors. Privatisation of state establishments started from trade and service sectors. After privatization, numbers of factories collapsed and redundant labour was dismissed (Griffin 1995:13). Moreover, number of small scale private establishments emerged in UB since transition. About 60% of establish-

ments of Mongolia situated in UB (NSO 2005). Establishments in UB mainly engage in public administration, education, health, service and trade sectors rather than in manufacturing (Table 6 in Appendix A).

Table 2.4
*Percentage of total establishments in UB,
by economic sectors and number of employees, 2003*

	1-9	10-19	20-49	50+
Agriculture	1.0	0.1	-	-
Mining and quarrying	0.6	0.1	0.1	0.1
Manufacturing	5.7	0.6	0.6	0.6
Electricity, heating & water supply	0.1	-	-	0.1
Construction	2.1	0.4	0.4	0.3
Wholesale and retail trade	50.0	1.2	0.7	0.3
Hotels and restaurants	2.6	0.3	0.2	0.1
Transport and communication	2.0	0.2	0.1	0.2
Financial intermediation	2.0	0.1	0.1	0.1
Real estate, renting & other business activities	4.5	0.4	0.2	0.2
Public administration	1.0	0.1	0.3	0.4
Education	1.5	0.4	0.9	0.7
Health and social work	2.4	0.2	0.1	0.3
Community, household & personal services	12.0	0.8	0.3	0.2
International organisations	0.1	-	-	-

Source: NSO (2005)

In the open market system, number of establishments increased in UB. However, the share of establishments which engage in manufacturing declined. On the other hand, the share of establishments which engage in wholesale and retail trade, and community, household and personal services increased. Furthermore, wholesale and retail trade is more likely to be informal. Exactly 50% of establishments in UB are establishments which engage in trade and which have 1-9 employees (Table 2.4).

Moreover, trade and service sectors are concentrated at the center of UB. More than a quarter of establishments in UB is located in Sukhbaatar district, the central district of UB. (See Table 7 in Appendix A for establishments by districts. The highlighted districts are districts which

are selected in our primary survey.) The next largest concentration is found in Bayangol district. On the other hand, in isolated districts, namely, in Baganuur, Nalaikh and Bagakhangai, only 3.5% of establishments are situated. They are neither growth districts nor isolated districts. Khan-Uul district was the industrial district during socialism.

In short, in the open market system, UB is a center of trade, service and public administration, which is concentrated at the center, rather than a center of manufacturing or light-industrialisation as it was the case during socialism.

2.5.2 Arvaikheer AC - during socialism, transition and open market system

Arvaikheer is an aimag center (AC) of Uvurkhangai aimag (see Sec. 1.6, Ch.1 for research settings). About 40% of establishments of Uvurkhangai aimag are located in Arvaikheer AC (NSO 2005). During socialism (1940-1980), in Arvaikheer AC, as in any other AC, manufacturing (of food, construction material, printing, electricity and heating), construction, transport, trade and communication sectors were developed. First, food factories, mainly butter and flour production plants, were built in each AC during 1941-1943 (Namjim Tumor 2002:95). In Arvaikheer AC, food factory 'Delgerekh khuns' was established in 1940. (See Table 8 in Appendix A for list of establishments constructed before 1990 in Arvaikheer AC.)

During transition, before privatization, private sector started to develop in trade and service sectors in Arvaikheer AC. In Arvaikheer AC, privatization is conducted in two ways, via sale by vouchers and auction. In 1992, household and individual service center in Arvaikheer AC was privatized by rose vouchers. During 1992-1993, wholesale and retail trade establishments were privatized. During 1993-1994, construction material production factory, construction and transport sectors were privatized. After privatization, construction material production factory totally collapsed. On the other hand, food production and printing factories continued in production. Establishments which engage in electricity, heating, road construction and communication remained in state hands with no change.

Table 2.5
*Percentage of total establishments in Arvaikheer AC
 by economic sectors and number of employees, 2003*

	1-9	10-19	20-49	50+
Agriculture	1.3	0.6	-	0.6
Manufacturing	5.2	1.3	1.3	-
Electricity, heating & water supply	0.6	1.3	1.9	0.6
Construction	1.3	-	-	1.3
Wholesale and retail trade	14.9	0.6	-	-
Hotels and restaurants	3.2	0.6	0.6	-
Transport and communication	2.6	-	0.6	-
Financial intermediation	5.2	-	-	-
Real estate, renting & other business activities	7.1	0.6	-	0.6
Public administration	9.1	2.6	3.2	0.6
Education	3.2	3.2	1.9	1.3
Health and social work	7.1	1.9	-	-
Community, household & personal services	7.8	1.3	0.6	0.6
International organisations	0.6	-	-	-

Source: NSO (2005)

In Arvaikheer AC, establishments mainly engage in public administration, wholesale and retail trade, and service (Table 2.5). Moreover, in Arvaikheer AC, majority of establishments are small in terms of number of employees. Newly emerged private economic entities in the open market system mainly engage in trade of food, consumer goods and (animal originated) raw materials. Moreover, trade sector was a mixture of formal and informal sector. Individual sellers rent places in the privately owned markets. Apart from trade, vodka factory, and hotels and restaurants have been established since transition. Also bank branches opened. (See Table 9 in Appendix A for list of establishments constructed since 1990 in Arvaikheer AC.)

In Arvaikheer AC, primary school was established in 1926, 8 years of schooling in 1939, and 10 years of schooling in 1951 (Table 8 in Appendix A). Hospital was established in 1946. In the open market system, private sector is encouraged in social sectors in parallel with state sector. In 2000, private technical institute was established in Arvaikheer AC (Table 9 in Appendix A).

In short, in the open market system, Arvaiheer AC is a center of government and social services of Uvurkhangai aimag. The newly emerged informal sector, which mainly engage in trade and service, provide livelihood for people in Arvaiheer AC, but not manufacturing.

2.5.3 Bayangol soum - during socialism, transition and open market system

During socialism, SCs were developed with similar state plan to provide government and social services for livestock breeders. During socialism, as in any other SC, apart from negdel, trade, service, infrastructure and cultural establishments were built in Bayangol soum (Table 2.6).

Table 2.6
Establishments in Bayangol soum during socialism, transition and in the open market system

	Year of establishment	Workers upon establishment	Change during socialism	Workers in 1989	Change during transition			Number of workers in 2003
					Way of change	Year of change	Freed persons	
Health								
Midwife center	1939	2	changed to health center in 1971				-	-
Veterinary center	1938	2	-	8	privatised	1998	7	4
Health center	1971	14	-	25	no change	-	-	24
Pharmacy	1971	1	-	2	joined with health center			-
Education								
Primary school	1940	2	changed to 8 years school in 1971				-	-
Kindergarten	1965	3	-	8	no change	-	-	8
8 years school	1971	22	changed to 10 years school in 1993				-	-
Boarding school	1971	1	-	2	collapsed	-	-	-
10 years school	1993	27	-	42	no change	-	-	51
Service								
Shower/sauna place	1962	1	-	2	collapsed	1995	2	-
Library	1963	1	-	1	joined with culture center			-
Infrastructure								
Electricity station	1963	2	-	2	no change	-	-	2
Post office	1963	1	-	1	no change	-	-	1
TV station	1971	2	-	1	no change	-	-	1
Culture								
Culture center (club)	1962	1	-	3	no change	-	-	4
Economy								
Negdel - Shine amidral	1956	608	-	1 524	collapsed	1993	1 524	-
Retail trade shop	1931	1	-	4	privatised	1998	-	4
Bank office	1973	2	-	3	no change	-	-	3
Felt factory	2000	9	-	-	-	-	-	9
Traditional furniture factory	2001	4	-	-	-	-	-	4
Bakery	2002	7	-	-	-	-	-	7
Icecream	2003	2	-	-	-	-	-	2

Note: Highlighted establishments are establishments which were in operation in 2003

Source: Statistician of Bayangol soum (2003) and NSO (2005)

During transition, after privatization, wholesale trade and storage place, bathing place, and personal and household service center did collapse. On the other hand, hotel, retail trade shops, and infrastructure entities remained almost the same. In the open market system, four economic entities were constructed in Bayangol soum: felt factory, vodka factory, bakery and ice cream. All of them were small scale private entities.

During socialism, universal education and health was achieved in Mongolia. For this, hospitals and schools were established in each SC. In Bayangol SC, primary school was built in 1940. In 1971, it was improved to offer 8 years, and in 1993, 10 years of schooling. Midwife center was established in 1939, and in 1971, it became polyclinic.

During transition, school and hospital remained in the state hand. Boarding school was closed because of collapse of *negdel* (see Sec. 2.5.4 for *negdel*). During socialism, *negdel* was responsible for maintenance of boarding schools. However, the availability of school does not guarantee universal coverage of education in the open market system.

In the case of health, making health service free, available and close to people is almost sufficient to make the health service universal. People have no choice but go to hospital when they fall ill. However, in the case of education, making education free, available and close to people does not guarantee universal coverage. It is because, unlike illness, individuals have a choice not to go to school. Sending children to school is likely to be decided by parents. Livestock rearing households need labour. Therefore, parents tend to choose to keep boys for the household business. Boys drop out of school has been increasing in the open market system in Mongolia (NSO and ADB 2004). It suggests that there is a departure from universal coverage in education in the open market system in Mongolia while schools are available. It is because the universal coverage in education during socialism did achieve with the help of governance (*cadre* or party leader):

Today people keep their children for livestock rearing, especially the boys, and do not send them to school. It is unfortunate because they will become uneducated. In my time everybody was going to school. At that time, all intellectuals in SC (school teachers, *bag* governor, soum governor, revolution party leader) were concerned about who is leaving out of school. In fact, I went to school late. When people come from SC, to re-

cruit me to school, my father tells that my son is only 5 years old. Every year he tells the same. In the year when I entered to school, initially school director and finally, revolutionary party leader and soum governor came, and said to my father that 'you should send your child to school because everybody in socialist system gets education of eight years'. By this time I was 10 years old, and it was also difficult for my father to lie that I was 5 years old. I was the oldest in my class. But I graduated secondary school successfully and entered to Teachers' University in UB, and worked as a teacher until I retire. (Casual conversation with a retired secondary school teacher in Bayankhongor aimag, 2003)

Thus in the case of education, because of lack of involvement of local government, children of people who have no desire as well as no opportunity to send their children to school are becoming uneducated, and there is departure from universal coverage in education, while schools are available, in the open market system in Mongolia.

In short, in the open market system, Bayangol soum is a center of government and social services for livestock breeders of the soum. After collapse of *negdel*, few private small scale entities emerged. However, they are not responsible for social services and self-sufficiency, like *negdel* during socialism.

2.5.4 The rural economy and socializing agriculture

Socializing agriculture is one of the key transitions towards socialism (Saith 1985). Livestock rearing, the traditional sector,⁸ was the major industry in Mongolia in 1921, accounting for 90% of economy (Namjim Tumor 2002:77). In 1918, 20% of livestock belonged to monasteries, 3.4% to feudals,⁹ and majority (76.6%) to livestock breeders. Thus livestock rearing was the only sector needing to be socialized in Mongolia. In 1928, the VII Congress of the Mongolia People's Revolutionary Party (MPRP) adopted a resolution to take away the property of feudals and wealthy livestock breeders, and put an end to economic domination by the feudal aristocracy (ibid).

However, socializing of livestock rearing¹⁰, as any agricultural sector, was a long revolutionary process, as Engels and Preobrazhensky viewed (see Preobrazhensky 1965:XV). It covered three decades (1929-1959) and five stages in Mongolia: 1) re-distribution of wealth (1929-1932), 2) compulsory collectivization into farms as farm workers (1930-1932), 3)

voluntary collectivization into joint collectives (commune, artel and nu-khurlul) as individual producers (1932-1940), 4) voluntary collectivization campaign into negdels¹¹ as wage labourers (1958-1959), and 5) put limit on private property, namely on number of livestock. Each stage of socializing of agriculture was associated with failures, mismanagement and loss of livestock.

However, the collectivization campaign into negdels, the fourth stage, was quick and finished almost within one year. Within one year (in 1959), 98% of livestock breeders became a member of a negdel (Namjim Tumur 2002:81). The collectivization campaign started with establishment of negdels, recruiting livestock breeders, and numbers of small negdels emerged throughout the country.

During socialism, local government had parallel responsibilities, for local administration and production units (kholkhoz) (Humphrey 1991:102-105). In order to introduce a joint management of administration and economy, rules and regulations of management and operation were defined for a negdel, as a rural institution. Moreover, re-structuring of negdels, joining small negdels into a large negdel, according to the administrative unit, were conducted. The large negdels, which were established in each soum, were moved under the care of local (soum) governors, and made the 'negdel' as a state institution.

In 1959, according to the joint orders 8 and 15 of the executive committee of Ardiin Deputaiin Khural (people's delegates' board), and MPRP committee of Uvurkhangai aimag, administrative re-structuring was conducted jointly with negdel re-structuring. As a result, 45 small negdels were combined into 24 negdels, and made joint management for soum and negdel (from archive of Uvurkhangai aimag). In the case of Bayangol soum, the soum governor and the chairman of the Shine amidral negdel was the same person, as in any other negdel. The joint management made negdel, as an institution, which is responsible for self-sufficiency of the soum. In other words, local administrator (soum governor) had triple responsibilities, for administration, economy and social sectors (hospitals and boarding schools). Furthermore, negdels were integrated into state plan.

In Mongolia, collectivization campaign was viewed as an historical event as important as 1921 national revolution. However, establishment of negdels did not bring complete separation of means of production from producers. After establishment of negdels, public and private sec-

tors did coexist, and within the same household. (Households keep livestock of negdels for wages and private livestock for household business.) But the coexistence of public and private sectors at the household level led to the bias towards private sector. Livestock breeders claim that strong livestock is private while lost/dead livestock is public.

In order to avoid this bias towards private sector, at the household level, the number of private livestock was restricted. It was not only limited as property but, under this name, private sale (or marketing) was restricted. It was the final stage of socializing agriculture in Mongolia. After restriction of marketing, (constant and generalized) wages from negdels became the only cash income for livestock breeders.

Thus establishment of negdels, restriction on private property, and more importantly, restriction on private sale (or no marketing) made Mongolian agriculture as a 'classic socialist agriculture'. It might be the only case in world history (see also Sec. 3.2, Ch.3 for discussion of dependent socialism).

2.5.5 Negdel during socialism: Shine amidral negdel in 1958 and 1989

With establishment of negdels, livestock rearing industry of Mongolia was fully institutionalized in 1959. Shine amidral negdel in Bayangol soum was established in 1958. (Ardiin zorig negdel in Tosontsengel soum of Khuvsgul aimag is studied as a comparison.) In the beginning, negdels were not well equipped. Livestock breeders contributed their livestock, and traditional and primitive livestock rearing instruments. Shine amidral negdel had only two fences and one car in 1958 (Table 2.7).

However, state started to invest on negdels right from the beginning. Since the 1960s, negdels started to obtain long term loans, and working and operational assets¹². State loans were used to obtain fixed assets (negdel buildings, fences for livestock, tractors, trucks, etc.). At the end of 1989, Ardiin zorig negdel used 11.9% of long term loans for construction of livestock fence, 45.9% for obtaining agricultural machinery and 42.3% for constructing building (Form KHAA-18, Account book of Ardiin zorig negdel, 1989). As a result, negdels grew as a well established entity. In 1989, Shine amidral negdel had much more assets, like 721

fences and 88 wells. Moreover, number of livestock was double in 1989 than in 1958 (Table 2.7).

Table 2.7
Livestock breeders and assets of Shine amidral negdel in 1958 and 1989

	1958	1989	After collapse of negdel
Number of livestock breeders	604	1 509	moved to household business
Number of livestock-total	46 131	116 134	privatised to livestock breeders
Camel	2 056	2 219	- " -
Horses	5 200	3 464	- " -
Cattle	123	898	- " -
Sheep	26 148	86 687	- " -
Goat	12 604	22 866	- " -
Main asset			
Livestock fences	2	721	- " -
Cars	1	2	privatised to drivers
Trucks	-	7	privatised to drivers
Tractors	-	6	privatised to drivers & mechanics
Wells (engineering design)	-	88	transferred to soum governor's office
Buildings			
Garage	-	3	privatised
Auto repair place	-	1	privatised
Hotel	-	1	sold to soum governor's office
Storage houses	-	5	privatised
Slaughterhouse	-	1	transferred to soum governor's office

Source: Statistician of Bayangol soum, 2003

Negdels did engage in multiple activities, apart from livestock rearing, like procurement and trade of agricultural products, processing industry, crop production, fodder and milk production, harvesting, growing pig and poultry, and construction.

However, diversification tended to depend on location, negdels in *khangai* areas (areas with more rain fall) are more likely to engage in crop agriculture. Ardiin zorig negdel had more diverse activities than Shine amidral negdel. It has even a metal working unit. (Table 10 in Appendix A gives number of workers and average wages of auxiliary and assistant activities, and social welfare services of Ardiin zorig negdel in 1989.) Under the diversification, security system was established within the negdel, and therefore, within the soum. Negdel prepared fodder for its animals,

growing, processing and harvesting. Among others, negdels were engaged in construction work and provided important services like heating, electricity, maternal home and cultural center. In other words, negdels, with their diversification, were responsible for local government, and provided social and welfare services in soums.

Negdels were also responsible to the state, to prepare agricultural products (like meat, wool, cashmere and skin) for exports as well as for light-industries of the country. Live animal production was important part of negdel production. In 1989, Ardiin zorig negdel sold 12,799 live animals to meat processing factory in UB. It was 21.6% of total livestock of Ardiin zorig negdel in 1989. Moreover, Ardiin zorig negdel produced enormous amount of skin, wool and cashmere in 1989 (see Table 11 in Appendix A for production of Ardiin zorig negdel in 1989). Negdels were also responsible for environment and land management (land use, and risk and disaster management).

Moreover, negdels were coordinated (horizontally and vertically) with different state organizations. Agricultural institute provided technological support and state fund of fodder provided assistance in the case of natural disaster. All these were regulated by Ministry of Agriculture in line with the plan developed by the State planning committee²³.

Also soums and negdels had partnership organizations and establishments in urban areas (ACs and UB). Partnership organizations assisted when negdel needs more hands, say for offspring taking, harvesting, building livestock fences, and in the case of natural disaster. Shine amidral negdel had partnership with Mental hospital in UB. The hospital conducted frequent medical check of negdel members, sent temporary doctors in Bayangol soum, and provided with necessary medicines.

In short, negdel was an important institution which was responsible for the state (preparing export products and providing raw materials for light-industries), the local government (providing self-sufficiency and supporting social sectors), and for providing employment and secure livelihoods in rural areas.

2.5.6 Privatization of negdels: De-socializing as other side of socializing in the transition

Agricultural sector was privatized under the slogan 'Livestock to livestock breeders'. Privatization of negdels was a follow up action of privat-

ization decision at the state and aimag levels. In aimags, assets of negdels were the major assets to be privatized, as livestock rearing is the major industry. Privatization¹³ was conducted in the form of campaign as was collectivization. Uvurkhangai aimag had more assets and livestock for privatization compared with the time of collectivization, after more than three decades. The joint 50th order, of the executive committee of Ardiin Deputatiin Khural (people's delegates' board), and MPRP committee of Uvurkhangai aimag, issued in May 1991, established 'Privatization committee of Uvurkhangai aimag', which is responsible for formulating policy and conducting privatization, and provided following obligations to the committee:

Based on the 30th order of the government of Mongolian People's Republic, on establishing privatization committee in aimags, issued in 1991,

a. to establish branch committees in soums and khoros, and provide supervision to them, to list entities and establishments to be privatized, and to control over preparatory work of privatization

b. to value assets of state establishments, to check financial performance of economic entities, to reorganize or restructure establishments with little or no profit, to renovate techniques and technologies, to establish mini establishments, and to establish privatization fund for conducting training and advocacy on privatization.

The privatization campaign was quick, as the action at the aimag level was taken within few months after the government decision. In 1991, Uvurkhangai aimag had 17 negdels, one in each soum, and one state farm which is engaged in livestock rearing and crop (wheat, potatoes and vegetables) in Kharkhorin soum. In Uvurkhangai aimag, the collectivization campaign started in different years in different soums (from 1950 to 1956) but finished in the same year (in 1959), with the campaign. On the other hand, privatization started in the same year in all soums (1991), with the campaign, but negdels were privatised and collapsed in different years. In Uvurkhangai aimag, in 1993 one negdel, in 1994 seven negdels, and in 1995 eight negdels were privatised and collapsed, and in 1997 the last one, Choibalsan negdel of Baruun bayan ulaan soum. The state farm in Kharkhorin was privatized in 1991, and divided into three small companies. In 2003, only one of them was working.

However, privatization of negdels was not straightforward. Our field study suggests that de-socializing of agriculture went in four stages. First,

government abolished limit on number of (private) livestock per member of negdel in 1989. Livestock breeders of negdel started to have as many private livestock as they can breed apart from livestock of the negdel. It is the other side of the last stage of socializing agriculture (see Sec. 2.5.4), to put limitation on number of (private) livestock per member of negdel. Second, collapse of a negdel as a state entity with the privatization of livestock and other assets. (For privatization, two vouchers were issued, rose and green). Privatization of livestock was undertaken by rose, and fixed and operational assets of negdels by green vouchers. (People who can get livestock from the particular negdel were identified based on years of service. During field work I met with one man who got livestock from several negdels of Bayankhongor aimag, as he was working as a chairman of these negdels (or a governor of these soums) for certain periods.) Third, and eventually, different types of small cooperatives were established instead of negdels during 1991-1992. In Uvurkhangai aimag, as an average, two small companies were established in majority of soums. Some of them were labour cooperatives of individual producers, similar to those established during 1932-1954 (see Sec. 2.5.4):

In some cases, negdel was not split into small ones but was transformed into a cooperation of individual producers. Ardiin zorig cooperative was established instead of Ardiin zorig negdel, soon after privatization of livestock and other assets of negdel, according to the 28th order of soum governor in 1992. But in reality, individual producers fail to cooperate in any form but only the name remained. (Interview with former economist of Ardiin zorig negdel, July 2003.)

In some cases, negdels were simply split into small companies, without privatizing any assets, including livestock. Unfortunately, the small companies and cooperatives did not exist for long:

In early 1991, when privatization started people who want to be bosses organized small companies out of negdel. Many of them lacked organizational and management skills. Negdel was very well coordinated with other state organizations in the country. Unlike it, the small ones have no choice but to survive on their own. They went to bankruptcy easily and small companies did not exist for a long. But the major reason was that small companies could not get loans from bank, the operational asset. And also interest rate was very high. In reality, in 1991 and 1992, a mess was created

in the country (in livestock rearing industry of the country). Weak negdels were the first ones to be collapsed. But stronger negdels stayed longer. The last negdel was in Zavkhan aimag, the strongest negdel in the country (Interview with former deputy of Ardiin zorig negdel, July 2003).

The late collapse of strong negdels is similar to the late collectivization of strong and wealthy livestock breeders. On the other hand, the quick collapse of weak negdels is similar with the quick collectivization of poor livestock breeders. Apart from high interest rate and unavailability of loans, the major reason of collapse of small cooperatives (emerged instead of negdels) can be lack or absence of rules and regulations of management and operation. Thus the failure of small cooperatives can be seen as a reverse repetition of failure of collectivization in 1932 (see Sec. 2.5.4).

Fourth, livestock privatization campaign was announced in 1992 with slogan 'Livestock to livestock breeders'. As a result, livestock rearing industry moved back to the household, as an economic entity, as it was the case in feudalism. In short, the stages of de-socializing of agriculture, as the reverse repetition of stages of socializing, can be summarized as follows in the case of Mongolia:

Socializing	De-socializing
Re-distribution of property	Remove limit on property
Establishment and failure of small cooperatives	Collapse of state large cooperatives (negdels)
Establishment of state large cooperatives (negdels)	Establishment and failure of small cooperatives
Put limit on property	Re-distribution of property
Achievement in equality in wealth	Emergence of inequality in wealth

However, privatization of livestock rearing sector went much quicker and smoother than socializing. There was no hesitation for individuals to have privately owned assets. Livestock were privatized to livestock breeders, cars and tractors to drivers and mechanics, and some of the buildings were privatized while some of them were transferred to soum governor's office (see Table 2.7 for privatization of main assets of Shine amidral negdel).

Furthermore, the collapse of *negdels* implies change in local governance. The structure of Bayangol soum government changed with the collapse of the Shine amidral *negdel* in 1991. In 2003, the structure of Bayangol soum government¹⁴ include a governor, a second governor, an agricultural statistician, a tax officer, a social insurance officer, an environment officer, local government officers, a state fund representative, five bag governors, and service workers (cleaners, craft, sanitary technician and drivers). In this list, there is no one who is responsible for economic and social sectors in Bayangol soum. Moreover, local government does not have own local production unit, like *negdel*, to ensure self-sufficiency at the soum level. Thus out of the three responsibilities of local government (administrative, economic and social), only administrative is remained in the open market system. In other words, there was a shift in local governance ‘from triple to single responsibility’ during transition.

In short, the collapse of *negdels* had negative impact on export and light-industry of the country as well as on the local government, for its self-sufficiency and social sectors. More importantly, employees of *negdel* faced entitlement failures, and in general, rural livelihoods became insecure and vulnerable.

2.5.7 Employees of *negdel* after privatization

Livestock breeders. After privatization, livestock breeders became vulnerable and insecure, though some started to enjoy private property. Livestock breeders constituted majority of employees of a *negdel*. In Shine amidral *negdel*, there were 1,509 livestock breeders in 1989 (Table 2.7). After collapse of *negdel*, and after privatization, entitlement failure in wage employment did occur. It was change in means of production and organization of labour but it was not loss of a economic activity or a livelihood. After privatization, some livestock breeders became rich and some were faced with ‘loss’:

Some people became very rich very quickly. It is all to do how hard working you are. I know one household who got offspring two times per year to double the size of livestock. Hardworking people process their livestock products (in the cart) in the pasture while they breed livestock. Also I know some people who finished their livestock almost over night, ex-

changing one sheep for one box of cigarette or clothes. (Conversation with a bagh governor in Bayankhongor aimag, August 2003)

After privatization, there were two major ways to face entitlement failures, failure to sale the products and loss of livestock. Sale of products was the major problem after privatization:

After privatization, there was no place to sell agricultural product. During 1992-95, livestock breeders were selling their livestock products (wool, cashmere, skin) at extremely cheap price to the individual sellers from AC and UB. In 1995, livestock raw material market opened in Murun AC of Khuvsgul aimag. Since then, individual livestock breeders started to have better opportunity to sell their products in this market. They not only go to Murun but also to UB, Darkhan and Bayan-Under to sell their products at larger market. So they have to travel and it is costly. (Conversation with a former accountant of a negdel in Khuvsgul aimag, July 2003).

Loss of livestock mainly occurs due to natural disaster (oversnowing (dzud) and drought). Natural disaster, like dzud, is hard to tackle for the household business. In some places, there were mass entitlement failures due to natural disaster¹⁵.

Livestock breeders who faced with loss of a livelihood (or job) due to loss of livestock, search for survival in different ways, working for somebody, joining cooperative or 'khot ail'¹⁶, or migrating. People were reluctant to work for somebody, in livestock rearing. In the open market system, unlike in feudalism, rich people do not possess political power to command labour. In terms of mentality, not only poor people but also rich people are reluctant to except the re-emerging inequality and division of labour. In other words, there is gestation period for attitudes to change:

My household is the richest not only in the aimag but also in Mongolia in terms of camel population. We have more than 600 camels. I left school in 4th grade. My class mates used to say to me 'rich man, rich man'. Even now when I go to SC, people look at me differently. I do not like when people treat me differently. (Conversation with 25 years old man in Gobi-Altai aimag, May 2001)

Moreover, there is no other economic sector or local entity (cooperatives) to recruit livestock breeders who face loss. In 2003, there was no other form of organization of livestock breeders than the traditional

'khot ail' in Bayangol soum. Therefore, people who faced 'loss' are more likely to migrate, and people tend to migrate before total loss:

In my place there was a dzud. My extended family lost our livestock. We decided to leave all our livestock to one of my sons. Also sold some of them, moved to UB, and settled down in UB. (Interview with 62 years old in-migrant man in Bayangol district, June 2003.)

These suggest that livestock breeders became vulnerable after collapse of negdel, and there is 'no job' opportunity in the place of origin when they face loss, apart from working for different livestock breeder, which people are reluctant to do, at least at this moment.

Professionals of negdels. During socialism, professionals, like veterinarians, agricultural economists, managers and mechanics, were trained, and allocated to the negdels based on state plan, which in return was based on the orders of the negdels. Some of them were trained abroad. An economist of Ardiin zorig negdel graduated in FSU. (See Table 12 and 13 in Appendix A for employees of Shine Amidral and Ardiin zorig negdels, respectively.) Many graduates choose to be allocated to the place of birth. Many professionals of Ardiin zorig negdel were return migrants (born in Tosontsengel soum, graduated in UB and returned to the Tosontsengel soum).

Negdels had few professionals. In Shine amidral negdel, there were 15 professionals in 1989. Upon collapse of negdel, professionals of negdels faced entitlement failures, which is loss of a job. Moreover, upon privatisation, they received fewer livestock than livestock breeders. The distribution of livestock was different in different places. In the case of Shine amidral negdel, former professionals received 36 heads of livestock, equally while in the case of Ardiin zorig negdel, the chairman received 5 times more livestock than others.

More importantly, after entitlement failures, livelihoods of professionals tend to differ by education. High educated professionals were less likely to become vulnerable. The chairman of Shine amidral negdel migrated to Khujirt soum of Uvurkhangai aimag to work as a soum governor. The chairman of Ardiin zorig negdel, initially established cooperative instead of negdel, and later joined veterinary office of the Tosontsengel soum. Some of professionals moved to different sector and some migrated to UB. General book keeper of Ardiin zorig negdel joined Khaan Bank branch in the Tosontsengel soum.

On the other hand, high school educated professionals tend to have relatively less opportunities. Many of them became livestock breeders. Veterinarians in both *negdels* became livestock breeders. It might be associated with the collapse of veterinary service in the country upon transition. These suggest that loss of qualifications did occur during transition in agriculture.

In short, after collapse of *negdel*, livestock breeders became vulnerable and prone to entitlement failures mainly due to 'loss' while professionals faced loss of qualifications.

2.6 Conclusion

Macro and meso level changes given in this chapter suggest that transition to the open market system was associated with mass entitlement failures because the open market system was dismissive about pre-existing economic structures (in places of origin).

During transition, economic structure of Mongolia lost complementarities. During socialism, primary goods were processed in light-industries of Mongolia, and light industry products were exported. On the other hand, in the open market system, primary goods are exported to China because garment manufacturing, the newly emerged manufacturing, does not buy primary goods like light-industries. During transition, agricultural sector was resistant while manufacturing sector did collapse because of collapse of trade integration, and transport and construction sectors did collapse together with the manufacturing. But agriculture suffered more due to institutional shifts towards privatization.

This chapter presents that Mongolia became an aid dependent country in the open market system, and with less investment. In the open market system, Mongolia started to use available foreign resources for private consumption rather than on investment. Mongolia, as a dependent country, had trade deficit in two systems, socialist and open market. However, financing trade deficit was different in different systems. During socialism, trade deficit was financed by long term loans which went to investment. On the other hand, in the open market system, trade deficit is financed by aid which goes mainly to private consumption. But aid not only finances private consumption but also, to lesser extent, investment. Although loan-driven investment was abolished with socialism, a new type of investment, direct investment emerged in the open market

system. However both aid-driven and direct investments were negligible in the open market system compared with investment during socialism.

This chapter presents that, in the open market system, Mongolia becomes more and more open. In 2003, trade integration accounts to 140% of GDP. With openness and liberalization, export partners changed from political partners to economic neighbors. Of the two neighbors, China conducts open policy while Russia conducts closed policy towards exports of Mongolia. At the same time, primary goods producers, i.e. livestock breeders, can not sell their products to light-industries, as majority of the industries did collapse during transition. As a result, China becomes the 'main buyer', and therefore, 'price maker' as well as 'policy maker' for exports of primary goods, of Mongolia. Moreover, like what was found in Tanzania (Wuyts 2003:331-378), terms of trade of agricultural goods, though produced at comparative advantage, declined in the open market system in Mongolia. In other words, Mongolia is exporting more and more primary goods to China in order to keep the same imports in terms of volume. Therefore, agricultural-led economic growth is unlikely to occur in the open market system in Mongolia.

Meso level changes, described in this chapter, suggest that mass entitlement failures did occur due to collapse of establishments, after privatization. In the open market system, trade and service sectors became the major sectors in UB as majority of establishments engage in these sectors. In Arvaikheer AC, number of factories did collapse during transition and mass entitlement failures did occur for workers in these factories. In the open market system, no manufacturing sector emerged in Arvaikheer AC. Instead, new sector – 'formal and informal mixed trade sector' was emerged. At the soum level (in Bayangol soum), there was change in local governance from triple to single responsibility, after collapse of negdel. In other words, only administrative role is remained out of the three roles (administrative, economic and social). Privatization of negdel suggests that de-socializing was the other side of socialising in Mongolia. After collapse of negdel, livestock breeders started to face entitlement failures due to loss, and former professionals of negdel faced with loss of qualifications.

The following chapters analyse people's response to mass entitlement failures, i.e. changes in the position of individuals due to the structural changes during transition. Put differently, the following chapters give

where people did arrive in the open market system, after the mass entitlement failures during transition. Before this, conceptual framework for studying labour movement, and migration is given in the next chapter.

Notes

¹ Light-industry refers to production of final products from agricultural raw material. In the thesis, light-industry, agro-industry and processing industry are used interchangeably.

² In 1947, there were 213 plants in Mongolia. Of these, 19 were local or city food plants, 179 were industrial cooperatives and 15 were rural cooperatives (the arthels) (Namjim Tumur 2002:96).

³ It was set in the XIII, XIV and XV Congresses of the MPRP, in 1958, 1961 and 1965, respectively.

⁴ These years (1999-2001) were harsh in a sense that natural disaster occurred both in winters and summers. Drought situation during summer followed with dzud (oversnowing) situation during winter and vice versa. In 2002, Mongolia lost more than 1/5 of livestock in 2000 (NSO 2004).

⁵ According to the accounting framework of domestic absorption, the resources for the use in the country become available in two ways, producing and importing. On the other hand, extra resources which are not used in the country are exported. Thus domestic absorption of the country equals to GDP and trade gap (see Wuyts 2003:342).

⁶ During socialism, foreign currencies, even rubbles (Russian currency), were currencies of foreigners or outsiders or travellers or diplomats but not of ordinary people in Mongolia. Exchanges of foreign currencies were restricted in Mongolia during socialism. There were no foreign currency exchange shops. Moreover, there was no shop which sells goods with foreign currency. There were only two or three hotel (Bayangol and Ulaanbaatar) based shops which sell goods with US\$ in UB. Frequent shoppers in dollar shops, and a shopper who hold a large amount US\$, than 'certain limits', were likely to be questioned where he/she had got these dollars. Students who study abroad, for example, in Russia, were allowed to have only limited amount of rubbles (30 rubbles) in addition to what government provides. If one holds more rubbles than the limit, these need to be hidden at the boarder from custom officers. However, foreign currencies, especially of former socialist countries, rubbles (Russian currency) and mark (East German currency), were exchanged informally and illegally between individuals. I used to buy some rubbles from Russians who work in UB, in addition to what government gives, before each travel to Moscow. However, informal exchanges were negligible.

⁷ During field work, people who were working in light-industries and negdels as an accountant or an economist, explained that, it was not privatisation itself, but the lack of operational asset due to the high interest rate was the key reason for closing the doors of industries and collapse of negdels after privatisation.

⁸ Traditional sector refers to livestock rearing as Mongolians were living for centuries on livestock rearing only. Mongolians breed five types livestock: camel, horse, cattle, sheep and goat. Also it has been documented that there were cultivation in Mongolia before socialism. However, crop sector was developed as an industry only during socialism.

⁹ Feudals tend to have about 40 times more livestock than ordinary households. Also feudals tend to avoid from tax (quoted in Namjim Tumor 2002:139, end-note 17).

¹⁰ Socializing agriculture (or livestock rearing) in Mongolia is comprehensively documented by Namjim Tumor (2002).

¹¹ The collectivization campaign was dictated by the state but it is documented as collectivization movement.

¹² Interview with head of statistical division of Khuvsgul aimag, and former vice-chairman of Ardiin Zorig negdel of Tosontsengel soum of Khuvsgul aimag.

¹³ Information on collectivization and privatization campaign is taken from state archive of Uvurkhangai: unit 78, 82, 89, 90, 92, 95, 96, 105, 113, 114, 195, 118, 126, 131, 136; privatization committee unit: 38, 66, 69, 73

¹⁴ Information is taken from an agricultural statistician of Bayangol soum.

¹⁵ Mass entitlement failures due to natural disaster occurred in Bayankhongor aimag, when natural disaster, dzud and drought, did occur in three consecutive years (1999-2002). Bayankhongor aimag lost 2/3 of livestock in three years, and remained with 862.2 thousand heads of livestock in 2002 (NSO 2004). People who lost their livestock moved to AC, UB and other places. I also visited Bayankhongor aimag, my birth place, during this time. My grandmother (93 years old in 2003) was speaking: This disastrous situation in our aimag never had happened during socialism, and even before. People in our aimag have never been as poor as now, even during the WWII. (Open market system is worse than the war time.) We always had plenty to offer. Your grandfather gave nine horses to Russian army to defeat Hitler. He told me that he had chosen the best horses because Russians are protecting us with their sons. I also prepared number of sheep skin jackets, the big and long ones, for them.

¹⁶ 'Khot ail' – can be translated as 'cluster of households'. It is a traditional arrangement of cooperation of individual producers. Households which engage in livestock live and move together, and they are likely to be related households.

3

Conceptual Framework: Labour Mobility, Potential Workers and Migration Since Transition to the Open Market System

3.1 Introduction

In the market economy, free movement of labour means work is offered according to its profitability (Ritchey 1976). In developing countries, under reform (or a move to open market system), labour is supposed to move towards tradeables, on the basis of comparative advantage, often to agricultural sector (Kanbur et al. 1991). However, labour has not been moving to rural areas. Instead, rural-urban migration has been increasing under reform (Jamal 1995). Moreover, under reform, international migration has been increasing as an alternative to escape out of poverty. International migrants can be skilled labourers and professionals working beneath their qualifications rather than unemployed and poor people (Moser et al. 1993:23&31), e.g. female teachers leave teaching to work in foreign countries as maids (Herz 1988). However, migration in Mongolia might be different from other developing countries as Mongolia did experience transition away from socialism.

In order to study labour mobility and migration since transition to the open market system in Mongolia, it calls us to visit previous system, dependent socialism (Sec. 3.2). This is not to argue that the previous system was ideal, but the contrast with a low mobility, secure livelihood society is still in living memory of many Mongolians. Also in order to understand the setting of the open market system or dependent capitalism, and its implications for migration and poverty, we introduced a concept of low wages vs. sufficient wages (Sec. 3.3). On the whole, this conceptual framework argues that the political and economic system setting can not be ignored for migration study because migration is set in

the political and economic system. An economic motive for migration, individualistic as well as structural factors for migration, serve as a response to the wider political and economic system setting (Sec. 3.5). Therefore, we approach Harris and Todaro model as it might help to explain migration under macro uncertainty.

In order to explain diverse and complex livelihoods emerged in the open market system in Mongolia, we studied a concept of livelihoods, and developed livelihood and sustainability frameworks (Sec. 3.6). We argue that sustainable livelihoods might be threatened widely if potential workers exist as a category (Sec. 3.4), and if there is a growing informal sector in primate cities in the open market system (Sec. 3.5.4). More importantly, migration may be high in the open market system if sustainable livelihood is widely threatened.

3.2 Mass entitlement: An attempt to avoid push factors for migration in the place of origin

3.2.1 Dependent socialism: An attempt to create self-sufficiency

Western scholars tend to analyze socialism as an inefficient system, comparing with capitalism. In the case of Eastern and Central Europe (ECE), socialism was seen as worse than capitalism (see Gros and Steinherr 2004), even if they were mother countries in the former communist block. However, socialism in practice was a useful system, if not essential, for countries which were in feudalism. Especially, for smaller population countries, like Mongolia, whose political independence was subject to giant neighbors into the 20th century, socialism was closer to independence. More importantly, socialism is associated with a form of development as it encourages industrialization. But we can find different political and economic system (settings) within the socialist system, like classic socialism and dependent socialism.

The *classic socialism* was based on a desire for a complete restriction of private sectors and the search for economic self-sufficiency. Socializing agriculture was one of the transitions towards socialism (Saith 1985). The collectivization was the only way for transforming traditional sector into socialist economic system (Preobrezhensky 1965:XV). However, socializing agriculture (unlike other sectors) is a long revolutionary process (ibid). In Mongolia, socializing agriculture took about 30 years (Sec.

2.5.3-7, Ch.2.) Upon accomplishment of collectivization, agricultural sector becomes state controlled, and therefore, part of the formal sector.

However, some developing countries, which moved to socialism not long before the collapse of communist block, may not have had time to socialize agriculture. In Mozambique, government never decided to abolish private trade, especially in rural areas (Mackintosh and Wuyts 1988:152). Therefore, apart from state sector there existed parallel markets for food (Mackintosh 1986, 1987 quoted in *ibid*:152). But even in the Former Soviet Union (FSU), market socialism did exist in parallel with large scale state farms in rural sector. In FSU, about 30-40% of personal income came from the private sector, and one of the main areas of private income was legal rural private plots. Therefore, products of household plots were marketed (Nolan 1995:248, Meurs 2002:218).

Unlike this, in some countries (like Mongolia and North Korea), 'classic socialism' did exist as there was no marketing or private sale in the system. Under the classic socialism, generalized wage labour did exist, even in the agricultural sector, and this was the case in Mongolia.

Dependent socialism questioned the proposition of self-sufficiency and was set via integration and industrialization policy of the Committee of Mutual Economic Assistance (CMEA). The system becomes dependent when the political and economic system setting is made outside the country. Normally, the country which is characterized by purely traditional technology in the agricultural sector always finds itself dependent on other countries, at least in terms of consumption. Especially, smaller countries are more likely to be subject to dependency. However, dependency in socialism was still associated with industrialization. It is because transition to industrialization is the other leg of transition towards socialism (Saith 1985:2). In the case of smaller countries, like Mongolia, it was merely light-industrialization¹ which is dependent on techniques and technologies of mother/brother states (ECE countries and FSU) and not heavy industrialization like in ECE countries, FSU and China. It is also because in smaller countries which recently escaped from feudalism, there was almost no industrial capital to be inherited (or socialized) from the previous system (Preobrezhensky 1965:124). Thus dependency in socialist system (or dependent socialism) was set via integration and industrialization policies by the CMEA. Light-industrialization, unlike import substitution industrialization in less developed countries in the capitalist system, did produce exports.

Dependent socialism is associated with a form of development due to: 1) diversification in agriculture, 2) light-industrialization and 3) local complementarities in the economic structure (Sec. 2.2, Ch.2). Apart from traditional agriculture, new agricultural sectors were introduced in the economy as diversification; involving both specialization and co-operation. Agricultural development is important, as without it, it is questionable to achieve rapid industrialization (Saith 1985:2). It is especially true in the case of complementarities in the economic structure, when light-industrialization is agro-industrialization or processing industrialization of agricultural primary goods which are cheaply available in the country. Therefore, dependent socialism did provide diversified tradables, primary agricultural goods and processed final products. More importantly, the diversified tradables allowed the country to finance, among others, social and infrastructure sectors. It is because of certain level of self-sufficiency and establishment of industrial (or material and technical) base were important on the agenda of socialist development (Saith 1985:4).

3.2.2 Mass entitlement and vulnerability to mass entitlement failures

Dependent socialism (having set an economic motive for mobility between agriculture and light-industry in the place of origin) did provide mass entitlement to wage employment. More importantly, mass entitlement to wage employment means mass entitlement to non-poverty. China has been refusing to depart away from socialism totally. Chinese leader Deng Xiaoping expressed his support for socialism as follows:

Socialism means eliminating poverty. Pauperism is not socialism, still less communism. The superiority of the socialist system lies above all in its ability to increasingly develop the productive forces and to improve the people's material and cultural life.... The socialist system can enable all the people to become well off. This is why we want to uphold socialism. (Deng Xiaoping 1984:2-3 in Nolan 1995:167)

At the extreme end of the poverty spectrum, Sen (1981:7) expresses the mass entitlement to non-starvation under the mass entitlement to employment as follows:

The end of starvation reflects a shift in the entitlement system, ... [th]rough systems of guaranteed employment at wages that provide exchange entitlement adequate to avoid starvation.

In line with Sen's expression, in this research, we refer to mass entitlement as a macro-level developmental concept to explain macro level measures taken to avoid poverty, vulnerability and insecurity of people. Sen (1981), for the first time, used a concept of entitlement to explain poverty and famine. People become vulnerable to poverty and famine when the entitlement system collapses. Apart from poverty and famine, a concept of mass entitlement failures was used to explain changes in labour market during transition (see for e.g. Paukert 1995, Standing 2002:40-41). In transitional literature, major reasons for mass entitlement failures were establishment changes (collapse or shrink of establishment) after privatization (Standing 2002:40). Vulnerability to mass entitlement failures can be explained by reasons for facing mass entitlement failures at macro, meso and micro levels. For example, at the macro level, vulnerability to mass entitlement failures can occur due to wrong way of privatization, at the meso level, due to poor performance of enterprises after privatization, and at the micro level, due to 'loss' of a job after change of an enterprise. Apart from loss of a job or having 'no job', people face entitlement failures due to decline in real wages and increase in prices (Wuyts 1992:21-22). In addition to these, 'loss' of own business also can serve as a reason for entitlement failure. Thus entitlement failures can take three forms: 'no job/ no secure job', 'low income' and 'loss'. Concept of entitlement failures will be applied empirically to the survey data in Sec. 4.6 & 4.8 of Ch.4, Sec. 5.11 of Ch.5 and Sec. 6.8.2 of Ch.6, and it is summarized in Tables 4.4 & 4.6 of Ch.4, Tables 5.11 & 5.12 of Ch.5, Fig. 6.7, 6.9, 6.10 and 6.11 of Ch. 6, and Table 12 in Appendix F.

3.2.3 An attempt to avoid entitlement failures (or economic push factors for migration) in the place of origin in (dependent) socialism

Mass entitlement to wage employment not only wipes out poverty but also other social phenomenon which can serve as push factors of migration, as they are likely to be by-products of non-employment. Socialist working class was created with separation of means of production from producers, with establishment of large scale state firms and farms. Employment in formal sector at wages to avoid poverty is unlikely to produce entitlement failures, 'no job' opportunities, 'low income' and 'loss'. Also during socialism, formal employment provided local, affordable

housing based on years of service. In other words, mass entitlement to formal employment means absence of economic push factors of migration in socialism.

Also under mass entitlement to education and health services, many social push factors of migration were eliminated in socialism. To establish delivery system of social services (school, hospital and infrastructure), and to create social development base everywhere in the country, was one of the agendas of socialist development (Saith 1985:5).

Furthermore, if there is mass entitlement (to formal employment, education and health) then increased equality or no-discrimination, with regard to sex, origin, religion and property, is ensured. Further, if there is equality or no-discrimination then conflict is reduced, if not eliminated. Also if there is mass entitlement in socialism then major features (or elements) of feudalism are eliminated including, fatalism, no education, poor health, high fertility, human misery and stagnation.

Atheism was introduced to avoid the backwardness associated with extreme religious prejudice, as Marx equated extreme religiousness with drug addiction. Also atheism served as a way, to avoid conflict between diverse religions, or an attempt to introduce a different religion, say Christianity instead of Muslim, Buddhism or Hindu or vice versa. Thus discrimination and conflict, as social push factors of migration, were absent in the (dependent) socialism.

More importantly, if there is mass entitlement to employment and education then fertility declines even in the face of pro-natalist policies, as a key factor to avoid poverty and human misery (Sec. 3.4.3).

In short, dependent socialism, with mass entitlement to formal employment and social services, reduced economic and social motives for migration. It was a system characterized by lifetime security, and therefore, by lowering economic and social push factors of migration in the place of origin (unemployment, poverty, entitlement failures, no housing, vulnerability, poor social service, discrimination, conflict, terrorism and human misery).

3.3 Transition away from dependent socialism, and the setting of dependent capitalism

3.3.1 Transition away from dependent socialism

There was no theory for transition away from socialism. Transition away from socialism is a revolution in the political and economic system which can be compared to the move from feudalism to capitalism. The former socialist countries have been experiencing different transitions after the collapse of socialism. Arguably, economically Russia has experienced trouble under transition orthodoxy while China is rising under market socialism (Nolan 1995). But for a country which experienced dependent socialism, transition away from socialism was simply an exposure to full capitalism.

Transition away from socialism has been accomplished via de-socializing or privatization. However, privatization of assets, particularly agricultural assets, was not a long revolutionary process as it was the case for socializing. In Mongolia de-socializing took less than one year while socializing took about 30 years (Sec. 3.5.4 & 3.5.6, Ch.3). In Mongolia, in 1992, within one year of privatization, wealth differential reappeared for the first time since 1930s (Swift 1995:104-106).

For a country which experienced dependent socialism, transition away from socialism also involves privatization of industrial assets. It is different from the transition to socialism when the country had only agricultural assets to be transformed.

More importantly, transition is associated with the collapse of a 'country livelihood' or loss of local self-sufficiency. In Mongolia, under dependent socialism, a 'country livelihood' was ensured via diversification in agriculture, light-industrialization and complementarities in economic structure (Sec 2.2, Ch.2). If a 'country livelihood' collapses then the country becomes dependent. Some writers see the transition away from dependent socialism as a transition 'from second to third world'.

Unlike transition towards socialism, transition away from socialism was not a long process. Transition in post-communist countries took about eight years (Aslund 1998). In Mongolia, transition away from socialism took about five years (Sec. 2.2, Ch. 2). But the end of a transition phase did not mean the end of entitlement failures.

3.3.2 The setting of dependent capitalism - Open market system

Mongolia was in (classic) dependent socialist system before collapse of the FSU. For the transition away from socialism, the proposed policy packages were similar to that proposed for stabilization and structural reform in developing countries in the 1970s and 1980s by the Bretton Woods institutions (Blanchard et al. 1991:1 in Nolan 1995:75). The policy package encourages production of tradeables (Kanbur et al. 1991), and often a more commercial agricultural sector under market-led development. Privatization and devaluation are two major measures which were taken in the transition away from socialism in Mongolia (Griffin 1995). Liberalization policies opened Mongolian economy to global market forces. There are other macro economics measures which serve as tools for reforms (see IMF 1986, Dornbusch et al. 1988, Toyne 1994 and Ellis 2000:162). In literature on developing countries, these measures are often named as 'structural adjustment policies' or 'reform measures', and associated macro policies in developing countries consist of three major elements – stabilization, adjustment and reform. Also it refers to open economy (see Dornbusch et al. 1988), and in our research we refer to it as an open market system. In the open market system, three sectors, namely agriculture, mining and quarrying, and tourism are encouraged.

Among others, Berg report (WB 1981) was influential for setting the open market system. However, the Berg report is dismissive about economic structure (Wuyts 2003). More importantly, in contrast to what the Berg report expected, terms of trade of primary goods in developing countries declined rather than increased, and therefore, agricultural export-led growth is unlikely to occur in developing countries (ibid), in open market system. However, Vietnam is moving to become a 'tiger' while implementing structural adjustment programs supported by IMF and WB (Arkadie and Mallon 2003).

Despite its claimed image, in the open market system, dependency on 'what' people do is still determined, among others, by government policy, geographical location, history and traditional industry (or type of agriculture). China is rising under market socialism, due to protective measures (Nolan 1995). Apart from protective measures, changes in small neighboring countries, like Mongolia and Kyrgyzstan, are likely to contribute to the rise of China. In Kyrgyzstan, it was reported that good things of Soviet time, now are sold to China, even electric cables (WB

2000). These suggest that the open market system can have unintended effects in smaller economies. In the case of a small country which is situated between two giants, like Mongolia, it might create dependent capitalism on its most dynamic neighbor. Under IMF and WB reform measures (or in open market system) Mongolia is becoming a primary goods producing country, mainly for China (see Sec. 2.4, Ch.2), and experiencing dependency on China. It is mainly because products produced in Mongolia fail to meet international standard, and to be traded at the international market. In other words, this dependency is market driven, and this dependency differs from previous dependency on FSU during socialism. During socialism, under CMEA trade integration, products produced in Mongolia were traded mainly to countries within CMEA, but not at the international market. Furthermore, Mongolia is likely to remain dependent on China until it produces products which can compete at the international market. Therefore, the open market system in Mongolia can be named after dependent capitalism. However, it is important to understand that this dependence on China is market driven while dependency on FSU during socialism was designed.

3.3.3 'Low wages' and 'sufficient wages' in the open market system

In order to understand the setting of the open market system or dependent capitalism, and its implications for migration and poverty (see Sec. 6.2, Ch.6 for relationship between migration and poverty), we can introduce a concept of non-sufficient/low wages vs. sufficient wages. We refer to 'non-sufficient wages' as 'low wages'. In our research, 'sufficient wages' is similar to 'living wages' in developed countries as it refers to provide minimally satisfactory living condition in Mongolia. In developed countries, 'living wages' refer to wages which is sufficient to provide minimally satisfactory living condition or a specified quality or quantity of housing, food, utilities, transport, health care and recreation, and the cost of housing should not exceed 30% of 'living wages' (<http://www.answers.com/topic/living-wage>, April 2010). In developed countries, 'living wages' often refers to 'minimum wages' while the latter is set by law and may fail to meet the requirements of a living wages. However, 'sufficient wages' in our research does not refer to 'minimum wages' which is set by law or government of Mongolia. Also 'sufficient wages' in our research is different from 'breadwinner wages'. The breadwinner

wage usually means that a man could earn enough to support his family without his wife having to go out to work (<http://findarticles.com/p/articles>, April 2010). In our research, if prevailing income does not provide minimally satisfactory condition in Mongolia for a person not to wish to migrate into the very uncertain labour market of UB, in the spirit of Harris-Todaro model (Sec. 3.5.3, Ch.3), then it refers to 'non-sufficient wages' or 'low wages'.

In Mongolia, 'low wages' are likely to prevail because reform measures supported by IMF and WB encourage reduction in government expenditure (see also IMF 1986:23). During transition, real wages declined after devaluation of tugrics in 1990 in Mongolia. For example, my salary declined roughly 10 times, in US\$ terms, over the course of two years, and never recovered. Harris and Todaro model recognizes the existence of an institutionally determined minimum low wages in developing countries, and did present that surplus labour (potential workers) will be generated when expected wage level given some judgements of probability will be determined to be lower than the equilibrium point (Sec.3.5.3). But in cases like Mongolia, low income countries fail to increase public wages simply because of pressure or government budget. In Mongolia, since reform measures (or since transition), teachers and doctors often go of strike to increase their wages, and government officials explain that the government budget is not sufficient (from TV news). The government wages are extremely low in Mongolia. In 2003, a government officer, as an average, earns 93 600 tugrics per month or 81.8 US\$ per month (1US\$=1143 tugrics) or 2.6 US\$ per day (NSO 2004). Furthermore, government wages can have an impact on wages in private sector. Mongolian Association of Employers, at the other hand, during strike of doctors and teachers, was claiming that increase in government wages will give a pressure for small businesses (from TV news).

3.3.4 'Low wages', poverty, consumption adjustment, and insecurity and vulnerability in the open market system

Under the institutionally determined 'low wages', people, including employed persons in government, live in poverty in the open market system in developing countries. Poverty of employed persons explained by concepts like working poor and lack of decent work (see Saith 2004). In developing countries, poverty increased under reform. Urban poor faced pressure on household income, after devaluation (Addison and Demery

1985:16). In developing countries, poverty usually refers to absolute poverty or to the condition of not having the means to afford basic human needs such as clean water, nutrition, health care, education, clothing and shelter. Among others, incomes and consumption levels are common methods to measure poverty. According to WB,

A person is considered poor if his or her consumption or income level falls below some minimum level necessary to meet basic needs. This minimum level is usually called the "poverty line". (<http://web.worldbank.org/wbsite/external/topics/extpoverty>, April 2010).

A poverty line of 1US\$ or 2US\$ per day per person is widely used to define poverty in developing countries. In our research, poverty refers to the condition of people living below the poverty line estimated by the Living standard measurement surveys (LSMS). In 2003, the consumption basket based poverty line in Mongolia was 24 743 tugrics per month or 21.6 US\$ per month or 72US cent per persons per day, and 36.1 percent lived under poverty (NSO, WB and UNDP 2004). Even income poverty in Mongolia is more severe in urban areas (UB and ACs) than in rural areas. Especially, ACs are characterized by the severest poverty in the country (NSO and UNDP 1999:23-26 and WB 1996a:22), as about half of population in ACs live below the poverty line² in 1995. In ACs, the location with the severest poverty, those who fall below the poverty line were workers in health and education sectors (nearly 45%) and factory workers (WB 1996a:32). Major source of income in urban areas (UB and ACs) is salary (41-53% of total household income) (NSO and UNDP 1999:71). Around half of the urban population who rely on salary live in income poverty (very poor consumption group) in Mongolia (ibid). On the other hand, rural areas are associated with more vulnerabilities but less poverty, as the livestock rearing sector offers a non-poverty income in good weather years (Swift 1989). More importantly, these suggest that whether 'low wages' is below the basic subsistence level/ informal or subsistence economy in Mongolia. Furthermore, the existence of 'low wages' as well as informal or subsistence economy suggests that whether there is a generalized poverty in the open market system in Mongolia.

Under poverty, people employ survival strategies like demand adjustment. People adjust housing like 'one house, two and more families', 'live in one part, rent the other part', and 'live in one part, use the other part for income generation'. People also adjust food demand, like 'one meal,

one day', 'reduction of protein' (Moser et al. 1993:16) and 'shift from fruit juice to water' (Moser 1992 quoted in *ibid*). Clothing adjustment was found in Mongolia as 'two school boys, one pair of winter boots'. Apart from demand adjustment, people also change shopping and consumption habit. In Mongolia, people employ quality adjustment as well as quantity adjustment. People do adopt quality adjustment using 'cheap things' and going to 'cheap places'. Also people 'eat less', 'use less' and 'use long' when they employ quantity adjustment. In Mongolia, in 2003, 1 US\$ per person per day is a hunger line, as people adopt 'eat less' strategy at this level (Dashtseren 2007).

'Low wages' and consequent 'demand adjustment' strategies are likely to effect negatively employment and economic growth. Keynes put it as follows:

... a decline in income due to a decline in level of employment, if it goes far, may even cause consumption to exceed income not only by some individuals and institutions using up the financial reserves which they have accumulated in better times, but also by the Government, which will be liable, willingly or unwillingly, to run into a budgetary deficit... (Keynes 1936)

Furthermore, 'low wages' and 'demand adjustment' strategies in the open market system is likely to effect sales of domestic production, like *aaaruul* (dried yogurt) (Box 5.1, Ch.5). If the current 'low wages', 1 or 2 US\$ per day per person will be revised to the level of sufficient wages (Sec. 3.3.3) then it will generate growth in domestic production of the country. In our research, we did not aim to study income poverty, and economic growth in the open market system in Mongolia. But income poverty is often associated with insecurity and vulnerability, and insecurity and vulnerability are defined by WB as follows:

Insecurity is an important component of welfare and can be understood as vulnerability to a decline in well-being. The shock triggering the decline can occur at the micro (household) level, (e.g. illness, death); at the meso or community level (pollution, riots); and/or at the national or international level (national calamities, macroeconomic shocks). Vulnerability is defined here as the probability or risk today of being in poverty or to fall into deeper poverty in the future. It is a key dimension of welfare since a risk of large changes in income may constrain households to lower investments in productive assets – when households need to hold some reserves

in liquid assets and in human capital. High risk can also force households to diversify their income sources, perhaps at the cost of lower returns. Vulnerability may influence household behavior and coping strategies and is thus an important consideration for poverty reduction policies. The fear of bad weather conditions or the fear of being expelled from the land they cultivate can deter households from investing in more risky but higher productivity crops and affect their capacity to generate income. (<http://web.worldbank.org/wbsite/external/topics/extpoverty>, April 2010).

The concept of 'low wages' will be applied empirically to the survey data to study entitlement failures and economic push factors for migration since transition in Mongolia in Chapters 4-6. (See also Sec. 3.2.2, Ch.3.)

3.4 Potential workers, as a class, in the open market system

3.4.1 Concept of potential workers

During transition, in former socialist countries, unemployment emerged, and it was documented as 'long term', 'mass', 'structural' and 'chronic' unemployment (Rainnie et al. 2002). According to International Labour Organization (ILO), unemployed workers are those who are currently not working but are willing and able to work for pay, currently available for work, and have actively searched for work. In Mongolia, structural unemployment emerged due to shortage of new jobs plus mismatch between old and new jobs as well as mismatch between new qualifications and new jobs (Sec. 4.9, Ch.4). However, unemployment in the open market system is likely to be Keynesian 'demand deficient unemployment', which is known as associated with a prolonged recession with the view of a return to 'normality'. During economic recession, unemployment rises due to fall in demand, leading to a reduction in output across many industries. Also demand deficient unemployment can exist in the long run when no counter measures are taken. In the open market system, demand deficient unemployment is likely to persist if there is an existence of 'low wages' and downward demand adjustment (Sec. 3.3.4). Under reform (or in the open market system), 'luxury unemployed', better educated persons who do not seek for a job because of low wages are found in urban areas, and open unemployment is greater in urban areas than in rural areas ((Moser et al. 1993:26 &42). Also uncommitted labour force, persons who are not interested to work, are found in urban areas

(Gilbert and Gugler 1992:89). Furthermore, under reform, unemployment of heads of household, which is mainly men, is increased (ILO 1985). As a result of mass and long term unemployment, a pool of potential workers, discouraged from seeking employment, was created in the transition in post communist countries (Pickles 2002:253), and is being reproduced in the subsequent open market system.

Potential workers are defined by Cohen (1987:42), clarifying Marx's terminology of the 'relative surplus population' ('latent'), an 'industrial reserve army' ('floating') and the 'inactive army of labour' ('stagnant'), as follows:

... [P]otential workers [are those] whose labour-power can be activated by capital as and when needed ('latent'), those workers who are seasonally, marginally or temporarily employed ('floating') and those, discarded from production, whose conditions of life are poorer than that of the normal working class ('stagnant').

From the definition, we can see that potential workers for Cohen include some types of informal workers, the 'floating' population. However, in our definition of current economic activity, informal workers are different from potential workers. Informal workers are currently employed while potential workers are not. Thus according to current economic activity criteria, informal workers are regarded as employed, and therefore, are not part of potential workers for the purposes of this research.

Potential workers are defined as persons who are 'currently not employed' and 'currently not looking for a job actively' while they have 'no reason not to work'. Potential workers are similar to the unemployed as they have 'no reason not to work'. At the same time, potential workers are different from unemployed as they do not search for a job actively, like the formal unemployed. According to ILO definition, there is a concept of 'discouraged workers', the major type of potential workers, which includes persons who felt 'no work is available'. On the other hand, potential workers, though they are 'currently not employed', are different from non-workers because non-workers have 'a reason not to work' which fully explains being out of labour force. Therefore, based on current economic activity approach, potential workers can be defined, and they can be regarded as one of four categories of workers status (employed, unemployed, non-workers and potential workers), the status of

being a worker or a non-worker (see Sec. 1.8.1, Ch.1 for methods of current economic activity and workers status, and Sec. 4.6.1, Ch.4 for empirical definition of potential workers). Also potential workers can be categorized and defined as discouraged, discriminated against and failed workers, based on 'reasons for not working' (see Sec. 4.8, Ch. 4 for major types of potential workers).

Furthermore, based on size and other characteristics, we can find out if potential workers exist, as a significant category, and in this definitional sense as a 'class', in the system (see Sec. 4.7, Ch. 4). The number of potential workers, as a class, depends partly on population growth. If there is high fertility (or unlimited supply of labour) then the class of potential workers is likely to be growing. On the other hand, if there is low fertility (or population growth is frozen or supply of labour is limited) then the class of potential workers is likely to be stable. In other words, potential workers are created when demand side of the labour market is frozen while supply side is not.

Furthermore, potential workers, like unemployed and unlike non-workers, have no reason to be supported by somebody else (individual, household, organization and/or state) as they have 'no reason not to work'. Those without work in developing countries are vulnerable as they hardly receive unemployment allowances. Those recently out of employment might receive low allowances for some months only. The case of potential workers is worse. They are not entitled to any allowances. Furthermore, potential workers, like unemployed, in developing countries are likely to have not only immediate (spouse and children) but also extended dependents (elderly and siblings). More dangerously, potential workers are likely to land in human misery because of human capital amortization in terms of malnutrition, ill health and lack of application of skills. The empirical definition of potential workers is given in Sec. 4.6.1 of Ch.4. The concept of potential workers will be applied empirically to the survey data in Ch.4, and it is summarized in Fig. 4.3 and Tables 4.4, 4.5 and 4.6 of Ch.4.

3.4.2 Concept of human capital amortization and human misery

Human capital has been studied extensively, especially for understanding living under poverty in developing countries. Conventionally, it has dimensions like education and health (see Rakodi 2002:10). Conventional-

ly, health includes characteristics like sickness, disability, psychological problem and addiction to alcohol while education includes achieved level of education, profession, skills (including entrepreneurial skill), the competence acquired through practice, and foreign languages.

Apart from health and education, working skills are important for human being. Working skills can include characteristics like to be disciplined, committed, responsible, patient, hardworking, and energetic. Working skills are less visible than health and education. Work skills are accumulated as one works, even from childhood. If one accumulates working skills then he/she is likely to easily handle problems, to overcome difficulties, and to move out of vulnerability and insecurity.

Education, health and working skills are merely characteristics of human being, but not yet capital. In order to be capital, characteristics need to be put into operation. Moreover, human being has many more characteristics, visible and invisible, that can be converted into capital, like age, sex and talent.

In other words, human capital is not merely a set of characteristics which one has but characteristics which one exercises across time and therefore more fully develops. In other words, any characteristic of human being appears as a capital when one uses it effectively. Thus the fact of working (or being employed or having a job), using ones characteristics, converts them into higher capital. For example, prostitutes convert sex, a birth given characteristic, into capital. Also people drop one characteristic, and move to another, to make use out of it. In our survey, we found a case who converted inherited characteristic (skill of sewing traditional dress which learned from mother as she was helping to sew dress for household members) into capital making national dress to sell to tourists and elite nationals, dropping the profession of a teacher, because of low salary, and hence low return to this aspect of her human capital.

Thus, human capital operates as a 'human capital system', and working skill serves as an engine for the 'human capital system'. Practiced work skills allow one to exercise other human characteristics, and therefore, results in changes in human capital.

Furthermore, in order to maintain human capital system, it is important to enter into labour as soon as ones characteristics are fresh (i.e. as soon as one gets education and profession). If there is a long gestation period to enter into labour then it results in 'amortization of human capi-

tal'. Moreover, it is most desirable that one's work to be in line with one's characteristics. If one will not work in line with one's qualifications then there will be a 'loss of applied qualifications'. Thus, human capital, as any other capital, has other features of capital, like to go for amortization, to be outdated and to break down (or to be lost), if it will not be appropriately maintained for keeping it working (see Box 4.1, Ch.4 for cases of amortization and maintenance of human capital system). The danger is that if one's human capital went for amortization or outdated or lost then his/her human capital is unlikely to be recovered even if job is available. In other words, the fact of working is the key element of human capital system, as it puts human capital (or characteristics) into operation. Also people gain more and more working skills (like discipline, commitment, responsibility, patience, energy and progress in profession) via working only. People 'learn to work' or accumulate work skills via 'keep working'. Furthermore, 'keep working' means 'having a long term job'. Therefore, 'having a long term job' is a key element for human capital system, and for its maintenance and development.

On the other hand, if people face human capital amortization, which is resulted from having 'no job' for a long time, then people will move to human misery. Human misery can be regarded as a condition of loss of human capital or a condition of no recovery of human characteristics as human capital. It might imply disappearance of some human characteristics, which can serve as human capital. In extreme cases, human misery can be referred to the condition of existence of a human being having a body as a physical existence only. Also human misery often refers to psychosocially depressed condition of human being. Therefore, human misery is different from poverty discussed in Sec. 3.4.3. Majority of poor people have human capital or human characteristics which can serve as a human capital if they will put them into operation. People, as an agency, need to maintain human capital, as an aspect of well being. The concepts of human capital amortization and human misery will be applied empirically to the survey data to explain emergence of potential workers (Ch.4) and human misery (Sec. 4.11, Ch.11), and to study loss of qualifications as a consequence of not working (Sec. 4.9, Ch.4), and loss of skill and qualifications of people who engage in informal sector, including in retailing (Sec. 5.8, Ch.5, Table 13 in Appendix E).

3.4.3 Potential workers, as a Malthusian class, in the open market system

According to our definition, potential workers are people who eventually may land in human misery because of human capital amortization (Sec. 3.4.2). Human misery or surplus population, according to Malthus, from structural point of view, is created when population grows at geometric rate while economy grows at arithmetic rate. The surplus population which is created due to the mismatch between economic and population growth eventually generates potential workers, as a class.

Also according to Malthus, not all political and economic systems are associated with this kind of imbalance, and therefore, with potential workers as a class and human misery. It was stated by Ross (1998:29) as follows:

The irony is that Malthus had already conceded that the disparity between population and resources was not entirely natural, that it was not separable from the system of production.

Here, Malthus regarded as resources what you produce rather than what you have (land and natural resources). Potential workers/human misery is not necessarily created in capitalism as economic expansion (or growth) can recruit the surplus population, and at the same time, population growth leads to decline. Moreover, potential workers/human misery is created in any place of origin if population grows at faster rate than economy – due to high fertility relative to low economic growth, and migration results on the basis of ‘expected’ income rather than firm employment offers.

Potential workers/human misery is created in dependent capitalism because economic surplus is taken away while relative population surplus is not (due to poor economic growth). According to Malthus, human misery (or famine) in Ireland did occur while Ireland continued to supply wheat and other agricultural products to England. Similarly, during other famines, people starved due to entitlement failures while food was hoarded or exported (Sen 1981). In Latin America, human misery is created where agricultural sector is commercialized at the cost of subsistence economy (see Ross 1998).

Similarly, potential workers/human misery is created locally in the open market system due to poor local economic growth as economic

growth is somewhat frozen because of 'low wages' while population growth is not. In other words, if unemployment and potential workers are created due to low wages then it can be seen as Keynesian demand deficient unemployment (see also Sec. 3.3.4). Further, if young people who have no reason not to enter into labour market fail to find employment due to 'no job' opportunities in the open market system then potential workers can exist as a class in the system.

More importantly, potential workers/human misery can be created in the open market system within a short period and at low rate of population growth. In Mongolia, potential workers/human misery was created in 13 years, since transition to the open market system. In Mongolia, human misery was not created during feudalism, mainly due to the type of traditional industry, livestock rearing, and Malthusian 'positive' checks. Livestock was growing at faster rate than population in Mongolia. Also during socialism, there was no human misery in Mongolia due to universal formal employment. On the other hand, potential workers/human misery has been created in Mongolia despite the following features: 1) one of the least densely populated country – 1.5 persons per square km, 2) no potential workers /human misery which is inherited from previous systems (feudalism and dependent socialism), 3) relatively low fertility – total fertility rate is 2.49 children per woman, and 4) rich natural resources – including gold and copper mining.

Potential workers/human misery is created if population in some areas grows at faster rate than economy, due to migration. UB, primate city, in Mongolia is an example. In UB, human misery is created due to migration rather than high fertility. People pour to UB from all corners of the country (NSO and UNFPA 2002b) while economic growth in UB is somewhat frozen due to 'low wages'. The newly developed slums in UB in 13 years since transition to the open market system are constituted mainly from migrants rather than from UB locals. Fertility in UB is below replacement level, 1.94 children per woman in 2003. More importantly, fertility declined during the transition period in the country, from 3.06 children per woman in 1998 to 2.49 in 2003 (NSO and UNFPA 2004:28-29). Thus under low and declining fertility in both places of origin and destination, slums, with potential workers and human misery, are created in UB due to migration. More importantly, if potential workers become a large pool of people with amortized human

capital, that is in misery, then it is not easy to recruit them into the system later.

Finally, if mismatch between economic and population growth will not be corrected then people in human misery, slums in cities, and potential workers will continue to increase. It is because potential workers/human misery can be created by the long term rate of growth of population if economic growth is fluctuating and somewhat frozen in the place of origin (or in the open market system or in Mongolia). In other words, one can regard population growth rate as a rate of growth of potential workers/human misery (or slums in primate cities) if economic growth is low or somewhat frozen.

3.5 Migration in differing political and economic systems

This section frames the question that migration in the open market system may be due to an economic motive for migration to informal sector in primate cities. To do this, we define a concept of an economic motive for migration and discuss how it changes with the political and economic system.

3.5.1 An economic motive of migration is a response to changes in the political and economic system setting

Historically, people have not been simply moving from one village, town, large city or country to another. Migration is a costly undertaking both economically and socially. Therefore, people tend to do for very good, rational reasons. In the market economy, free movement of labour reallocates it according to the market need (Ritchey 1976). On the other hand, in the command economy, labour is allocated according to the state development plans (see Holzer and Wasilewska-Trenkner 1981: 182). When labour is free to move, household decision making is an important element in migration. For the decision making about migration, number of 'push and pull factors', such as relative inequality between the place of origin and possible destination, is involved. Among push and pull factors, an 'economic motive of migration' was identified to be the most important force for migration, from the very beginning of researching migration (Ravenstein 1885:181).

An economic motive for migration can be defined as a signal for an individual of possible greater rewards after migration. An economic mo-

tive for migration might and might not be given, by macro level factors. Adam Smith (1776:115-116) put macro level institutional factors to explain the formation of economic motivation as follows:

In China and Indostan accordingly both the rank and the wages of country labourers are said to be superior to those of the greater part of artificers and manufactures. They would probably be so everywhere, if corporation laws and the corporation spirit did not prevent.

The superiority which industry of the towns has everywhere in Europe over that of the country is not altogether owing to corporations and corporation laws. It is supported by many other regulations. The high duties upon foreign manufactures and upon all goods imported by alien merchants, all tend to the same purpose. Corporation laws enable the inhabitants of towns to raise their prices, without fearing to be under-sold by the free competition of their own countrymen.

In feudalism, as Adam Smith claimed, little economic motive for rural-urban migration was given, and therefore, there was no economic signal that calls for migration to an alternative sector outside agriculture in feudalism. On the other hand, in the case of capitalism, as Adam Smith put, an economic motive for migration was given to towns. Meso level institutional measures such as corporation laws, and other rules and regulations that did exist for encouragement of industrialization during 18th century in Europe did ensure the constant difference in rewards between traditional rural and industrial modern sectors. Therefore, people were moving directly, or step by step, to industrial and commercial centers (Ravenstein 1885:186), not only for higher but also for securer incomes. More importantly, Adam Smith actually said that the political and economic system setting is done by macro level measures both in feudalism and capitalism. In the case of capitalism, the system setting is done by creation of an economic motive of migration between two sectors of economy, traditional and industrial sectors, like in Lewis model (see Sec. 2.6.3). In the case of Japan and South Korea, among manufacturing sectors, or among economic sectors, the sectors which produce export products are encouraged. This system is called as export oriented or export-led system. In this case, an economic motive for migration is given to the sectors which produce export products.

Also an economic motive for migration was established by the state sector in terms of non-wage benefits for its employees. In China, before 1979, or before entering into market socialism, there was only state ac-

cumulation, and workers in state (i.e. urban) sectors were entitled to substantial non-wage benefits (Messkoub and Davin 2000). In market socialism, rural-urban migration has been increasing despite there is administration or registration control. As a result, floating population has been generated, as a class, in China (Smith 2000).

In dependent socialism in Mongolia, an economic motive for movement was given between two sectors of economy, agriculture and light-industry. In socialism, workers in agriculture tend to get lower money wages than those in other sectors, as people who engage in agriculture tend to get income in kind from own property (plots of land or livestock). In general, wages were determined according to (education, profession and) occupations. Wages of agricultural and industrial workers were lower than that of managers, economists, engineers, government officers, teachers and doctors (see Table 10 in Appendix A for wages of employees in Ardiin zorig negdel in 1989). Therefore, education was important element for parents to consider with respect to the future level of income and possible migration of their children. The performance in secondary school was the key criteria for selection for higher educational training, especially when mass entitlement to education (or free and universal education) did exist in the system. School leavers' were subject to state plan as labour was recruited according to the state development plan (see Holzer and Wasilewska-Trenkner 1981:182). Therefore, people fail to move freely in response to available economic motive of migration, and migration was limited. In other words, migration during socialism can be regarded as one type of forced migration³.

Moreover, in some cases, an economic motive of migration did serve as a tool for labour allocation. During socialism, workers in social sectors (doctors and teachers) in soums in gobi desert received 25% higher wages than those in Ulaanbaatar, capital city, in Mongolia. Thus, in terms of forms and direction, there was not only rural-urban migration but also urban-rural and rural-rural migration which direct to areas where state plans dictate social need.

In short, we can generalize that an economic motive for migration is a response to changes in the political and economic system setting. In other words there were twin changes, the political and economic system, and an economic motive for migration. The political and economic institutional system setting is actually the setting for individual economic motives for migration. Therefore, migration is a product of not only an in-

dividualistic calculation but also a structural context for migration. Migration, and therefore, its magnitude and forms, are set in the political and economic system. The concept of an economic motive for migration will be used to develop analytical framework of reasons for migration in Table 6.4 in Sec. 6.8.1 of Ch.6.

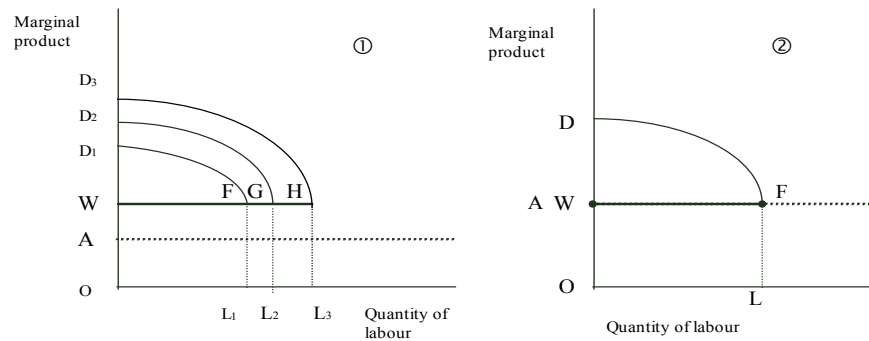
3.5.2 Lewis model: Failure to explain migration under the institutionally determined wages in the open market system

Lewis model explains migration which is associated with industrialization. In the Lewis model, an economic motive for migration (Sec. 3.6.1), a signal for an individual of greater rewards after migration, is given by the greater rewards in industrial sector than in agricultural sector. Lewis model assumes that in the beginning the national income consists almost entirely of a traditional sector with low income, and it is lower than the wages in the expanding industrial sector. The 1st part of Fig. 3.1 illustrates a reproduction of Lewis model. Here, income in traditional sector is given at level of point A in Y axis, and above it, wages in industrial sector is given at level of point W. The difference in rewards between traditional and industrial sectors (or the economic motive of migration) is given by the difference between points A and W. Lewis assumes that this difference will remain constant with the expansion of industrial sector from D_1 to D_2 , D_3 etc., until labour productivity starts to rise in agriculture.

At the same time, migration from rural to urban areas occurs due to the constant difference in rewards between the two sectors, and labour in industrial sector expands from L_1 to L_2 , L_3 etc. Gradually, this expansion changes the structure of economy. Thus the Lewis model presents not only quantitative expansion, but also qualitative transformation (Wuyts 2001b). In other words, according to Lewis model, there would be transitional unlimited supply of labour from the agricultural sector released gradually to the industrial sector of the economy as it expands in response to the different labour marginal productivities between sectors, giving an economic motive for migration, which is defined by the difference in rewards between traditional and industrial sectors, where rewards in the former is temporarily lower than that in the latter. In other words, Lewis model presents transition from feudalism to capitalism, and ex-

plains migration which is associated with this transition and industrialization.

Figure 3.1
Reproduction of the Lewis model and condition of violation of assumption of constant difference in rewards between traditional and industrial sectors of the Lewis model



Source: The first figure of Figure 3.1 is from Lewis (1954:412)

However, Lewis model fails to explain migration where an economic motive of migration is uncertain between two sectors of economy, say rural/ agricultural and urban/industrial. Migration in the open market system can not be explained by the Lewis model, because of violation of assumption of the certain difference in income between traditional and industrial sectors of the model. In other words, an economic motive for migration to urban industrial sector is subject to subjective calculation in the open market system. The 2nd part of Fig. 3.1 illustrates this condition on the stage of Lewis model. Here, there is no difference in expected income between traditional and industrial sectors, and therefore, points A and W, for levels of income in two sectors, overlap. It violates the assumption of difference in certain income between agricultural and industrial sectors of the Lewis model.

Under this condition (or in the absence of an objective economic motive for migration between two sectors of economy, industrial and tradi-

tional), people may appear to move irrationally as they try to calculate their best options in a chronically uncertain environment. However, in this research Lewis model will be used, as a comparison, to develop analytical framework for reasons for migration in Table 6.4 in Sec. 6.8.1 of Ch.6, as an 'ideal' structural process at each place of origin (village, town, primate city or developing country).

3.5.3 Harris and Todaro model: Migration under macro uncertainty

The Harris and Todaro model is a more appropriate economic model for migration in developing countries, like Mongolia because it recognizes the existence of uncertainty (and an informal sector as an important element in Mongolia in the open market system). The original model departs from full employment model and sets up an economy with unemployment and underemployment, including informal sector. The model looks at two locations: rural and urban. It is a three sector internal trade model. It assumes that the average wage in industrial sector is equal to marginal product of labour. In other words, it assumes profit maximization in industrial sector. At the same time, it assumes that the minimum wages in industrial sector is higher than institutionally given average income in agricultural sector.

Furthermore, the economic motive for migration is given in terms of difference between an expected urban real income and agricultural real product. The expected urban wage is determined as real urban wages adjusted by the proportion of urban labour force actually employed. Thus Harris and Todaro model assumes that people migrate in response to expected differences rather than actual differences in income. In the Harris and Todaro model, there is a chance of being employed in urban areas, and migration is a process of imitation and learning. Therefore, Harris and Todaro can explain migration in the open market system if there exist differentials in rewards in urban informal as well as in formal sectors. It is especially true as the key finding of Harris and Todaro model is that people will migrate and work in the informal sector in urban areas with no change in income differentials if the probability of formal sector work is seen to increase for some subjective reasons.

But if a potential migrant perceives the industrial wage as above than the level of marginal product of industry then they have to make a deci-

sion whether to remain in rural agriculture or join an informal sector 'waiting' for formal sector employment. An extreme case of the Harris and Todaro model is in which calculated risk has become subjective judgment.

In short, because the Harris and Todaro model does explain migration to the informal sector, in low income countries, it is the more appropriate model to explain migration in the open market system if migration directs towards expected income differentials, including in the informal sector. It is even more relevant if incomes are actually falling in rural areas, and the move to urban areas is driven by desperation and calculations made in a psychologically uncertain situation of mind. However, the Harris and Todaro model, like the Lewis model, assumes stable rural areas, and therefore, it may not explain migration to UB in Mongolia, in full extent, especially if some part of migration to UB happens to occur due to entitlement failures or unstable situation in rural areas, mainly due to 'loss' of livestock due to natural forces. The relevance of the Harris and Todaro model is tested empirically by studying income differentials in Sec. 5.9-10 of Ch.5, and summarized in Tables 5.5-10 and Figures 5.3-8 of Ch.5.

3.5.4 Existence of an economic motive for migration to informal sector in primate cities in the open market system

Rural-urban migration, and migration to primate cities in developing countries have been studied extensively. Primate cities in developing countries have been growing. Rural-urban migration accounts to about 40 percent of growth of urban population, and it mainly directs to primate cities (Boyle et al. 1998:20). Several factors like perceptions of employment opportunities, and communication opportunities, e.g. railway, work together to grow cities large. Further, once a city becomes the largest in the country it tends to increase to be disproportionately large in size and becomes the primate city (Jefferson 1939:227-231). But cities may experience allometric growth⁴ only during the special period, when there is a major structural shift from subsistence to commercial agriculture, and from agriculture to industry (Stewart 1960:356).

Primate cities are not just large cities, they have a qualitatively different environment from other urban centers. Primate cities in developing countries can be 'parasitic' because they contribute little to the development of the country but consume savings from the wider economy

(Hauser 1957:87, Browning 1958:116). On the other hand, primate cities in developing countries are 'generative' because these have attractive quality for non-agricultural production and specialized services (Mehta 1964:140). Cities offer more diverse opportunities for income earning (Hart 1973). They have large and diverse economies. They are likely to have the best social services and infrastructure sectors (electricity, heating system, pipe water, transport and communication) in the country. Moreover, they are places of exchange of knowledge and ideas.

These generative characteristics of primate cities suggest that, for those who engage in informal sector, large and diverse demand market offer better income than smaller and less diverse demand market, and this attracts migrants for cash income earning opportunities. Migrants move to cities for diverse income generating opportunities as low wages in the formal sector tend to be part of individual's income (Hart 1973:88). Moreover, migrants engaged in informal sector in urban areas often receive greater income than the income which is received in rural areas, even in real terms (Papanek 1975:8). Migration to cities can be beneficial in terms of individual earnings (Yap 1975 quoted in Ricca 1989). Thus, some migrants go to informal sector as an end itself not just as temporary transitional activities (Bhattacharya 2002:956-957).

Under reform, in developing countries, informal sector becomes an important survival strategy in urban areas (Dennis 1991:99). In Mongolia, non-poor households in urban areas are more likely to rely on small businesses (NSO and UNDP 1999:71), usually in the informal sector.

Furthermore, in the open market system, market-led development allows profit maximization in informal sector. Thus in the open market system, an economic motive for migration (Sec. 3.5.1) can be given in terms of greater rewards (or value added) that can be generated in informal sector by owning businesses in the place which is characterized by large and diverse demand market, in primate cities. In other words, better income in the informal sector in primate cities can be one of the economic motives for migration in the open market system. Logically, the informal sector activities in primate cities are likely to earn better incomes than those in smaller places, simply because of local market size.

Furthermore, if there is an absence of economic motive for migration between two sectors of economy, say agriculture and industry, (in the place of origin) in the open market system (see the 2nd part of Fig. 3.1) then there are likely to exist diverse economic and social motives for

mobility. Apart from an economic motive of migration to informal sector in primate cities, there can be other economic motives across labour type, places and economic sectors (high wages and security in formal sector, and formal employment) as well as social motives of migration (better education and health services in primate cities) in the open market system.

Also migration to informal sector in primate cities may continue to increase if system setting will not be changed. It is because an economic motive of migration is not given between two sectors of economy, say agriculture and manufacturing, like in Lewis model. When an economic motive of migration is not given between two sectors of economy in the place of origin, like in the open market system, there is virtually no sector, apart from agriculture, to recruit labour and discourage migration. In other words, the open market system is associated with 'no job' opportunities in many rural areas. In order to create 'job opportunities' in the place of origin, an economic motive for migration has to be given between two sectors of economy, say agriculture and industry, in the place of origin. Our argument here is that a tendency towards high rural-urban migration of desperate people is not conducive to human well-being in either places of origin or destination. People should have the rights to move, but not the compulsion to move, especially whether the move has a low probability of significant improvement in well-being. The proposition given in this section is tested empirically studying income differentials in Sec. 5.9-10 of Ch.5, and summarized in Tables 5.5-10 and Figures 5.3-8 of Ch.5.

3.6 Sustainable livelihoods

In transition countries, like Mongolia, people started to adopt different strategies after loss of formal employment, and urban livelihoods became diverse and complex. To study changes in urban livelihoods since transition, and migration as a response to non-sustainability of livelihoods in a 'home' location, 'livelihood and sustainability frameworks' have been developed for this research.

3.6.1 Diverse and complex livelihoods, and gender in the open market system

In the open market system, livelihoods become diverse because people employ different livelihood strategies (like different livelihood arrangements and migration) and survival strategies (like demand adjustment and change in shopping habit), and complex because of misemployment⁵, intra-household changes, domestic violence and multiple burdens of women. With transition to the open market system, livelihoods in Mongolia became more similar to those in other developing countries.

In the open market system, people arrange livelihoods to get income from multiple sources. Under reform, a household becomes a unit of survival (Moser et al. 1993:24). It is rare an individual or family live on single source of income in developing countries (Hart 1973:78). 'One man, one job' is rare mainly because individuals who obtain low wages working in public or private sector supplement their income working in informal sector. Instead, there are other livelihood arrangements like 'duplication of informal job', 'duplication of wage-job' and 'government, informal' (ibid:66). Different livelihood arrangements are found in China like 'formal, informal', 'some family members in rural enterprises, others remain in agriculture' and 'one-family, two systems' (Sun and Wuyts 2002:88). Also in Russia, under reform, pension is the major source of income when people who are in working ages do not have job (Clarke 2002:199). It gives a livelihood arrangement – 'a pensioner, an unemployed'. However, duplication of jobs is likely to be limited if there are 'no job' opportunities in the open market system, and therefore, in our research, we looked at one job per person.

In the open market system, average number of workers per household may increase (Gonzalez de la Rocher 1988). But they may tend to be children and women. Women's labour force participation increased during liberalisation (Beneria 1992:92). However, it may not result from opening up of decent job opportunities for women (Joekes 1987, Berger 1988 quoted in Elson 1991:172). But labour intensive production is likely to be female intensive, and therefore, the higher women's labour force participation was associated with the lower level of income of the household (Elson 1991:169).

Apart from increase in labour force participation which results from livelihood diversification, women bear multiple burdens. Women are

likely to be responsible for day-to-day budgeting and household management (Elson 1991:182). Under this situation, pressure on women in balancing their time increased (Moser et al. 1993:24). More importantly, insufficient income resulted in the increase in intra-household conflict, domestic violence and alcoholism (Moser 1992 quoted in Moser et al. 1993:55). It is because unemployment of head of household, who are mainly males, is increased under reform (ILO 1985).

3.6.2 Concept of livelihood

The concept of livelihood became fashionable in the early 1990s to understand survival of people in contemporary developing countries. It is because a household became a unit of survival under reform, and there is a room for individuals and households to exercise their capability for survival in the open market system.

Rural and urban livelihoods in developing countries were explored in Sen's development thinking in the early 1990s (Chamber and Conway 1992:4). The core concept of development thinking is a 'capability'. The notion of capability was born with the use of entitlement approach in the analysis of famine by Sen (1981:45 and 1984:455). The concept of capability was summarized as follows:

[Capability] refer [s] to being able to perform certain basic functionings, to what a person is capable of doing and being. It includes, for e.g. to be adequately nourished, to be comfortably clothed, to avoid escapable morbidity and preventable mortality, to lead a life without shame, to be able to visit and entertain one's friends, to keep track of what is going on and what others are talking about (Sen 1987:18; Dreze and Sen 1990:11). Quality of life is seen in terms of valued activities and the ability to choose and perform those activities. The word capability has, thus a wide span, and being democratically defined, has diverse specific meanings for different people in different places, including the many criteria of well being of poor people themselves... (Chambers and Conway 1992:5).

Taking the concept of capability as a core element, a livelihood framework is defined as follows:

A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood

opportunities for the next generation: and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term. (Chambers and Conway 1992:7)

For our analysis, livelihood and sustainability frameworks are developed based on the currently available livelihood frameworks (Rakodi 2002:3-22). In terms of sequence of elements, we follow an analytical framework for sustainable rural livelihood developed by Scoones (1998:3) as follows:

Given a particular context (of policy setting, politics, history, agroecology and socio-economic conditions), what combination of livelihood resources (different types of capital) result in the ability to follow what combination of livelihood strategies (agricultural intensification/extensification, livelihood diversification and migration) with what outcomes? Of particular interest in this framework are the institutional processes (embedded in a matrix of formal and informal institutions and organizations) which mediate the ability to carry out such strategies and achieve (or not) such outcomes.

Importance has been given to the view that a livelihood framework be actor-centered (Chambers 1987:14). However, the entering or starting point of currently available livelihood frameworks is likely to be the area of problem such as vulnerability context (shocks, trends, seasonality), assets, strengths and coping strategies (Carney *et al.* 1999:9&19). In other words, even if actor-oriented approach has been encouraged, currently available livelihood debate tends to discuss livelihoods in terms of elements (problems) of the livelihood framework rather than people making their living. Unlike this, the entering point of livelihood and sustainability frameworks for this research is 'a person'. To study informal job, the unit of analysis, and therefore, the entering point of livelihood framework, is the person who is engaged in informal job rather than the informal job and/or some other elements to engage in informal job. Put differently, an entering point of a livelihood framework can be an agent or an actor. In this case, the livelihood framework can be viewed as development framework.

Also studying 'a person', as an entering point of livelihood and sustainability frameworks, allows us to bring out unique characteristics of each element of each livelihood, and therefore, to investigate the differentials between (and within) them. The differentials of vulnerability and livelihood strategy within or between communities, and between individ-

uals within households need to be analyzed and explained (Swift 1989:10).

Livelihoods tend to be already established, as it is a development process. Inherited and agrarian livelihoods are examples of well established livelihoods. Livelihood can be predetermined and inherited (Chambers and Conway 1992:8). When a baby is born his/her livelihood is predetermined by social, economic and ecological environment in which he/she finds himself/herself. Moreover, agrarian livelihoods are not the same with rural livelihoods (Bebbington 1999:2039). Furthermore, livelihoods can be chosen, changed and improved (Chambers and Conway 1992:8). Also there are differentials in livelihoods after vulnerability (Swift 1989:10). These are related with the given or well established livelihoods but not with the process of building up 'a new livelihood'.

People not only choose, change and improve or cope with vulnerabilities of the established livelihoods but, in many cases, they try to build up 'a new livelihood'. Therefore, it calls us to develop livelihood and sustainability frameworks, separately.

3.6.3 Livelihood and sustainability frameworks

Livelihood and sustainability frameworks, for this research, consist of two parts: a livelihood framework (the 1st part of Fig. 3.2) and a sustainability framework (the 2nd part of Fig. 3.2). 'A livelihood framework' is for a person or a household which is building up 'a new livelihood' while 'a sustainability framework' is for a person or a household who has 'an established livelihood'. Logically, elements of livelihood and sustainability frameworks can be divided into three groups: 1) elements to build up 'a new livelihood', 2) elements of 'an established livelihood', and 3) elements of sustainability of 'the established livelihood'. Elements of the first two groups give 'a livelihood framework' while elements of the third group give 'a sustainability framework'. A livelihood framework allows us to analyze successes and failures to build up 'a new livelihood' while a sustainability framework allows us to analyze vulnerability of 'an established livelihood'. The livelihood and sustainability frameworks, together, allow us to analyze changes in people's livelihoods over time. A central concern in this research is insecurity in work as a particular form of non-sustainability.

A Livelihood framework

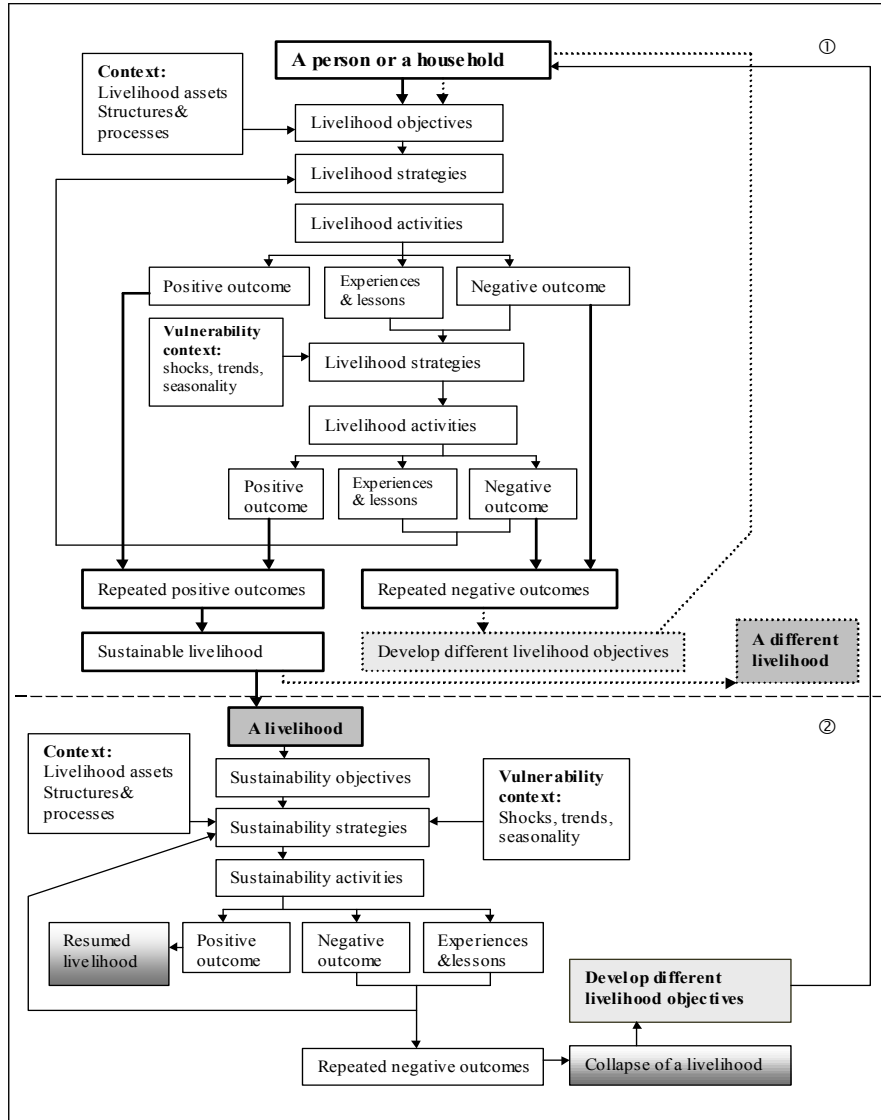
To establish an entirely new livelihood is not straightforward (the 1st part of Fig. 3.2). A person or a household, being an entering point of a livelihood framework, starts with *livelihood objectives*. It is a new element for the livelihood framework. A livelihood objective will be developed based on the assessment of his/her/it's context: livelihood assets, and structures and processes. A concept of livelihood asset is inherited from a concept of entitlement used by Sen (1981:45) in famine analysis. Entitlement refers to assets of a person such as land, labour and other resources. It has been changed to include more assets. In currently available livelihood frameworks, there are five different assets: human capital (labour, education, skill, health); social and political capital (networks, membership of groups, relationships of trust and reciprocity, access to wider institutions of society); physical capital (transport, shelter, water, energy, communications); financial capital (savings, credit, remittances and pensions); and natural capital (land, water, and other environmental resources) (Carney 1998:7 quoted in Rakodi 2002:11). Moreover, assets are grouped as tangible and intangible. Intangible assets, the claims (on own household, other household within and outside the community, patrons, big men, chiefs, government and/or on international communities) have redistributive role (Swift 1989:8).

After assessing the context, he/she/it defines his/her/its livelihood objectives and develops livelihood strategies to achieve the defined livelihood objectives. A concept of livelihood strategy is also inherited from Sen's (1981:46) work on famine analysis. He used the term 'exchange entitlement mapping' for discussion of ways in which to change ones endowment to the set of bundles he/she/it is in need.

A concept of livelihood strategy refers simply to alternative ways in which people are trying to make their living. It includes, for example, sending out a household member to urban areas to search for a job. Migration, as a livelihood strategy, is becoming more common in both rural and urban areas in developing countries under reform (Rakodi 2002:54-55).

However, livelihood strategies are not always fulfilled in expected ways, particularly when the context is under change. After developing livelihood strategies, people act according to it. Thus, in our framework, livelihood activities are separated from livelihood strategies.

Figure 3.2
Livelihood and sustainability frameworks



Source: Author's construction

Livelihood activities that take place according to the *livelihood strategies* which are developed to achieve *particular livelihood objectives* in certain *context* may bring *expected or positive outcome*. This is the first *positive outcome* in the livelihood framework. If this positive outcome will be *repeated* then it will result in *sustainable livelihood* which ultimately produces '*a (new) livelihood*'.

Unfortunately, *livelihood activities* do not always result in *expected or positive outcomes*, but it often result, in *negative outcomes*. However, the negative outcome, the livelihood building process itself, brings people *gained experiences* and *lessons learned*. Moreover, the process of development of 'a new livelihood' is subject to *obstacles or vulnerabilities* (shocks, trends, seasonality). A person develops second (or third or fourth...) round livelihood strategies or manipulations to overcome obstacles and vulnerabilities based on the gained experiences and lessons learned, and taking into account the changing context. Then a person acts accordingly. This is the second (or third or fourth...) round livelihood activities.

If the second (or third or fourth...) round livelihood activities will result in positive outcome, then the livelihood elements will be repeated more or less in the same inherited ways and will produce *repeated positive outcomes*. Then these will result in *sustainable livelihood* which produces '*a new livelihood*'. Thus, the development of second (or third or fourth...) round livelihood strategies with the ultimate goal to develop 'a new livelihood' (or to achieve specialization) takes **a shape of spiral**.

On the other hand, if a person could not succeed to produce *repeated positive outcomes* with particular *livelihood objectives* then he/she will give up and will start with *different livelihood objectives*. If *different livelihood objectives* will produce repeated positive outcomes then it will produce '*a different livelihood*'. If different livelihood objectives will produce repeated negative outcomes then a person will keep try to find different livelihood objectives which he/she can succeed to build up 'a new livelihood'. The failures to get 'a livelihood' by number of trials with different livelihood objectives are costly undertaking, as these are associated with vulnerabilities, suffering, shock and difficulties for a person.

A sustainability framework

An established livelihood is not always sustainable. The vulnerability of an established livelihood can be frequent and/or accidental. Frequent vulnerabilities are more likely to be solved with inherited livelihood strat-

egies and activities while accidental vulnerabilities need *sustainability objectives, strategies and activities* (see the 2nd part of Fig. 3.2).

If sustainability activities will result in positive outcome then the livelihood will be *resumed*. On the other hand, if there would be negative outcome, then a person will try to develop *different sustainability objectives, strategies and activities*. It will also take **a shape of spiral**. The repeated negative outcomes of sustainability activities will result in *collapse of a livelihood*. A person will start with different livelihood objectives to produce a different livelihood. The traditional livestock rearing – livelihood of Mongolia has been developed for centuries, though differs slightly place to place, and it has own sustainability strategies to deal with frequent or usual type of shocks. If livestock breeders will be subject to accidental type of vulnerabilities and shocks, they will develop sustainability objectives, strategies and activities. If these will result in repeated negative outcomes then it will result in the collapse of the traditional livestock rearing livelihood for a person (or a household). Thus he/she/it will be in need to develop different livelihood objectives, may be to engage in modern type of farm in the Central region of Mongolia.

In short, livelihood and sustainability frameworks developed for analysis of livelihoods and migration allow us to capture the spiral type of change of livelihoods, and failures and successes associated with it, taking a person as an entering point. These also allow us to find out development process of new livelihoods, and to distinguish the elements which are related with ‘a new livelihood’ and ‘an established livelihood’. As examples, Figures 1 and 2 in Appendix B give a sustainability framework for a wage-labour livelihood, and a livelihood framework for a person who is starting informal dumpling business, respectively. Livelihood and sustainability frameworks help to study successive entitlement failures and emergence of potential workers (Ch.4), and entitlement failures in informal sector, including in retailing (Sec. 5.11, Ch.5). Also it is used to understand informal sector, and to develop ‘Conceptual framework: Informal sector and informal employment’ in Sec. 5.2, Ch.5, and to develop empirical definitions of forms of employment given in Classification of status in employment for Mongolia, 2003, in Appendix D. Also a concept of livelihood is used to develop analytical framework ‘Cause and effect relationship between poverty and migration: Step migration’ (Fig. 6.1, Sec. 6.2, Ch.6), and to study migration pattern in Mongolia in Sec. 6.4.1, and summarized in Table 6.2 of Ch.6.

Table 3.1
Summary of modified concepts used in this research

Basic concepts taken from the international literature	Modified concepts	How the modified concepts were converted into empirical indicators (where described in Chapters 4-6)
Labour force and potential workers		
- Employed - Unemployed - Not economically active population	- Employed - Unemployed - Potential workers - Non-workers	- Based on labour force approach and reasons for not working, workers status (employed, unemployed, potential workers and non-workers) is defined in this research. Figure 4.3 gives labour force approach modified in this research. Table 4.5 gives economic activity and workers status. - Empirical concepts of potential workers and non-workers are formulated based on studying printed responses to the open ended question on reasons for not working as well as reasons for stopping jobs . Section 4.6 of Chapter 4 gives empirical definitions of potential workers and non-workers. Table 4.6 gives major types of potential workers. In Chapter 6, migration (Sec. 6.6), reasons for migration (Figure 6.9, Sec.6.8.2), and reasons for no intention to migrate (Figure 6.12, Sec. 6.9.2) of potential workers are studied.
Forms of vulnerability and entitlement failures		
- 'low wages' - 'no job'	- 'low wages/ low income' - 'no job' - 'loss' (newly introduced)	Forms of vulnerability and entitlement failures are studied based on reasons for stopping jobs (Sec. 4.6, Ch.4, Table 5.11-5.12, Ch.5), reasons for not working (Sec. 4.8, Ch.4) and economic push factors for migration (Sec. 6.8.2, Ch.6).
Livelihood framework	Livelihood and sustainability frameworks as a spiral	Questions in the primary survey were designed in line with this framework, and it did help to study successive entitlement failures and emergence of potential workers (Chapter 4), and entitlement failures in informal sector, including in retailing (Sec. 5.11, Ch.5).
Human capital and human misery		
Human capital	Human capital amortization	Discussion on human capital amortization helps to explain emergence of potential workers/ human misery (Ch.4), loss of qualifications as a consequence of not working (Sec. 4.9, Ch.4), loss of skill and qualifications of people who engage in informal sector, including in retailing (Sec. 5.8, Ch.5, Table 13 in Appendix E), and emergence of human misery (Sec. 4.11, Ch.4).
Forms of employment		
- Employees - Employers - Self employed/ own	- Formal labourers (employees, employers and cooperative members)	-Classification of status in employment for Mongolia, 2003, is developed and given in Appendix D. - 'Conceptual framework: informal sector and informal employment' is developed in Table 5.1,

<ul style="list-style-type: none"> account workers - Members of producers' cooperatives - Contributing family workers/unpaid workers - Workers not classifiable by status 	<ul style="list-style-type: none"> - Informal labourers (rotating, visiting, paid and casual workers) - Informal business workers (individual business, household business and unpaid workers) 	<p>Ch.5.</p> <ul style="list-style-type: none"> - In line with this conceptual framework, informal sector and informal employment is defined in Table 5.3, Ch.5. - In Chapter 5, informal sector, for e.g. industry (Fig. 5.1), occupation (Fig.5.2), income differentials (Sec. 5.9.2) and entitlement failures (Sec.5.11) are studied by forms of employment. - In Chapter 6, migration of informal workers (Sec. 6.5, Ch.6), economic push factors of in-migrants by employment status before migration (Fig. 6.11, Ch.6), and reasons for no intention to migrate, by labour type, (Sec. 6.9.3, Ch.6) are studied.
Types of production units		
<ul style="list-style-type: none"> - Formal enterprise - Informal enterprise 	<ul style="list-style-type: none"> -Market -Small places -Household/ home -Small companies -Large places 	<ul style="list-style-type: none"> - Classification of production units for Mongolia, 2003, is developed and given in Appendix D. - Conceptual framework to study informal sector is developed in Table 5.1, Ch.5. - Informal sector is defined based on the above classification in Table 5.3, Ch.5.
Forms of migration		
<ul style="list-style-type: none"> - Step migration 	<ul style="list-style-type: none"> - Step migration - 'Leap' migration to UB 	<ul style="list-style-type: none"> - Analytical framework 'Cause and effect relationship between poverty and migration: Step-migration' is developed in Figure 6.1, Ch.6. - Internal migration pattern in Mongolia: 'Leap' migration to UB is formulated in Table 6.1, Ch.6. - In line with analytical framework, everybody is identified according to migration status as in-/ return, out-/ potential, circular and non-migrants (Sec. 6.3, Ch.6).
Reasons for migration		
<ul style="list-style-type: none"> Pull and push factors of migration (Lee 1966). 	<ul style="list-style-type: none"> - Economic push factors - Economic pull factors (which include an economic motive for migration) - Social factors 	<ul style="list-style-type: none"> List of economic push and pull, and social factors are developed based on written responses to the open ended question on reasons for migration. Economic push (Sec. 6.8.2, Ch.6) and pull (Sec. 6.8.3, Ch.6) factors are studied by workers status (Fig. 6.9) and labour type (Fig. 6.10). Social factors are given in Table 14 of Appendix E.
Reasons for no intention to migrate		
<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> - Satisfactory & better life - Studying & poor health - Have not thought about it - Cannot migrate (hidden potential migration) 	<ul style="list-style-type: none"> List of reasons for no intention to migrate is developed based on printed responses to the open ended question from non-potential migrants, and it is given in Sec. 6.9, Ch.6. Table 17 in Appendix F gives the detailed list. Hidden potential migration is defined based on persons who stated 'cannot migrate' while they want to.

3.7 Conclusion

In our research, we approach the concept of sustainable livelihood through individual experience of work. Work and its absence are crucial to understanding human well-being. Work at its best creates a sense of purpose and usefulness and sustainable livelihoods. By widening work availability to include potential workers, we can look at how pressures on the sustainable livelihood become pressures on individuals to be available for work, even if work is not obviously available. Similarly, classifying forms of work in terms of levels of insecurity we can explore issues of sustainability. Further, the concept of potential migrants added to actual migrants allows us to explore the pressures for mobility that threaten livelihood. Table 3.1 gives summary of modified concepts and related empirical indicators, and empirical results will then be analysed conceptually in Chapter 7, and this analysis is summarized in Table 7.4 in Chapter 7.

Notes

¹ In Mongolia, light-industrialization refers to the stage of development when the country became self-sufficient, while there was livestock-based manufacturing only, but no development of heavy industries (see Namjim Tumur 2000).

² According to the Living standard measurement survey of Mongolia (1995 and 1998), poverty line is estimated based on the adult equivalent's monthly consumption (out of which 40% is food consumption), and for example, the minimum subsistence level in Central region in 1998 was 17600 tugrics (or 19.5US\$) per month per person (NSO and UNDP 1999:18).

³ Forced migration involves decision making of an individual about migration but under the forced and arranged environment by government or somebody else to meet the demand for labour (Cohen 1987:35-36). Forced migration, for example, includes Indian labourers movement to the tropical possessions of Europe and Chinese labourers movement to South African mining (ibid:9).

⁴ Allometric growth (formula applied by Huxley: $Y=bX^k$) is the growth of city which is directly related to the urban rank (k) in the urban hierarchy where rank is measured by its population size (population size X in the system of cities Y) (Stewart 1960:349).

⁵ Misemployment was defined by Gugler (1982:177) referring to the jobs which contribute little to social welfare but could be employed full time. These include begging, prostitution and street vendors.

4

Emergence of Potential Workers in the Open Market System in Mongolia

4.1 Introduction

During socialism, people in Mongolia were enjoying lifetime security, as in any other former socialist country, under the ideological commitment to full employment. During transition, while macro level measures for transition away from socialism started to be undertaken, major industries collapsed in Mongolia (Sec. 2.2, Ch.2), and people faced with mass entitlement failures and started to search for survival.

This chapter studies labour mobility since transition to the open market system in 1995 (see Sec. 3.3, Ch.3 for transition and Sec. 1.6, Ch.1 for research periods), and its process in Mongolia using concepts developed in Ch.3. In order to study labour movement, we looked at first, previous and current jobs (see Sec 1.8.3, Ch.1 for methods of recording labour movement). Also, reasons for stopping (first and previous) jobs, allowed us to study reasons for mass entitlement failures (see Sec. 1.8.1, Ch.1 for methods of recording current economic activity and workers status). The labour movement analysis is conducted (and questions on labour movement in our survey are designed) in line with livelihood and sustainability frameworks (Sec. 3.6, Ch.3). It allows us to study the process of movement of people when they face entitlement failures one after another. Also we develop an analytical framework to study labour movement since transition to the open market system based on theory of path dependence (Sec. 4.2).

After mass entitlement failures in the transition period, labour started to move freely, and labour market evolved and labour movement increased in the open market system in Mongolia (Sec. 4.4). During transition, unemployment and informal sector emerged, and labour moved mainly to trade and service sectors (Rainnie et al. 2002). In

Mongolia, people made stepwise movement from major economic sectors to retail trade (Sec. 4.5). Apart from unemployed, potential workers emerged in the open market system in Mongolia (Sec. 4.6). Moreover, size, age and sex of potential workers suggest that potential workers do exist as a class in the open market system in Mongolia (Sec. 4.7).

Also this chapter presents that labour movement since transition to the open market system is associated with loss of qualifications in Mongolia, due to mismatch between new and old jobs as well as mismatch between qualifications and available jobs (Sec. 4.9). In order to survive under the mismatch, people were learning new skills to find a new job or survival as well as to remain in the same job. In other words, in order to survive in the new system, people did transform themselves (Sec. 4.10).

On the other hand, potential workers, especially discouraged and discriminated workers, become less economically active with movement in the labour market, and emergence and existence of potential workers, as a class, resulted in emergence of human misery (of educated persons) in Mongolia after socialism (Sec. 4.11).

4.2 An analytical framework: Labour movement since transition to the open market system

During socialism, mass entitlement to wage employment did exist in Mongolia as in any other former communist country (Sec. 3.2, Ch.3), and people were enjoying lifetime security. Security, in this research, refers to the condition of people not having vulnerability to a decline in well-being, in line with concepts of insecurity and vulnerability defined by the WB (Sec. 3.3.4, Ch.3).

During transition, loss of formal employment was the major reason to face mass entitlement failures (Rainnie et al. 2002:19). Transition away from socialism in Mongolia is also associated with collapse of lifetime security. The collapse of full employment occurred also due to privatization, and after privatization informal sector and unemployed emerged (Fig. 4.1). For the country which moved from socialism to the open market system with an extreme macro deficit, unemployment is likely to have an element of Keynesian demand deficient unemployment (Sec. 3.4.3, Ch.3), and simple neoclassical theory of labour market is unlikely

to explain labour movement since transition to the open market system. For this process, path dependence¹ framework is more suitable. It is because:

The notion of path dependence is generally used to support a few key claims: Specific patterns of timing and sequence matter; starting from similar conditions, a wide range of social outcomes may be possible; large consequences may result from relatively “small” or contingent events; particular courses of action, once introduced, can be virtually impossible to reverse; and consequently, political development is often punctuated by critical social life (Collier and Collier 1991; Ikenberry 1994; Krasner 1989 in Pierson 2000:251).

Also Koch (2008:54) explains that:

Path dependency describes a tapering process and a path represents a restriction of choice for a focal social decision system. This restriction is not ready-made at the beginning, as is the case for primary imprints or initial investments, because it is an emerging pattern, it is the result of an ongoing process.

Sydow et al. (2005 quoted in Koch 2008) divided path dependency process into three stages: 1) the pre-formation phase, 2) phase of positive feedback, and 3) path dependence (quoted in *ibid*). In 1st phase, the pre-formation phase, history already matters and remains a considerable scope of choice. In 3rd phase, the path dependence phase, the path gets locked-in and the dominant pattern gains a more or less deterministic character. The major phase, the 2nd phase, the positive feedback phase, is described by Koch (2008:55) as follows:

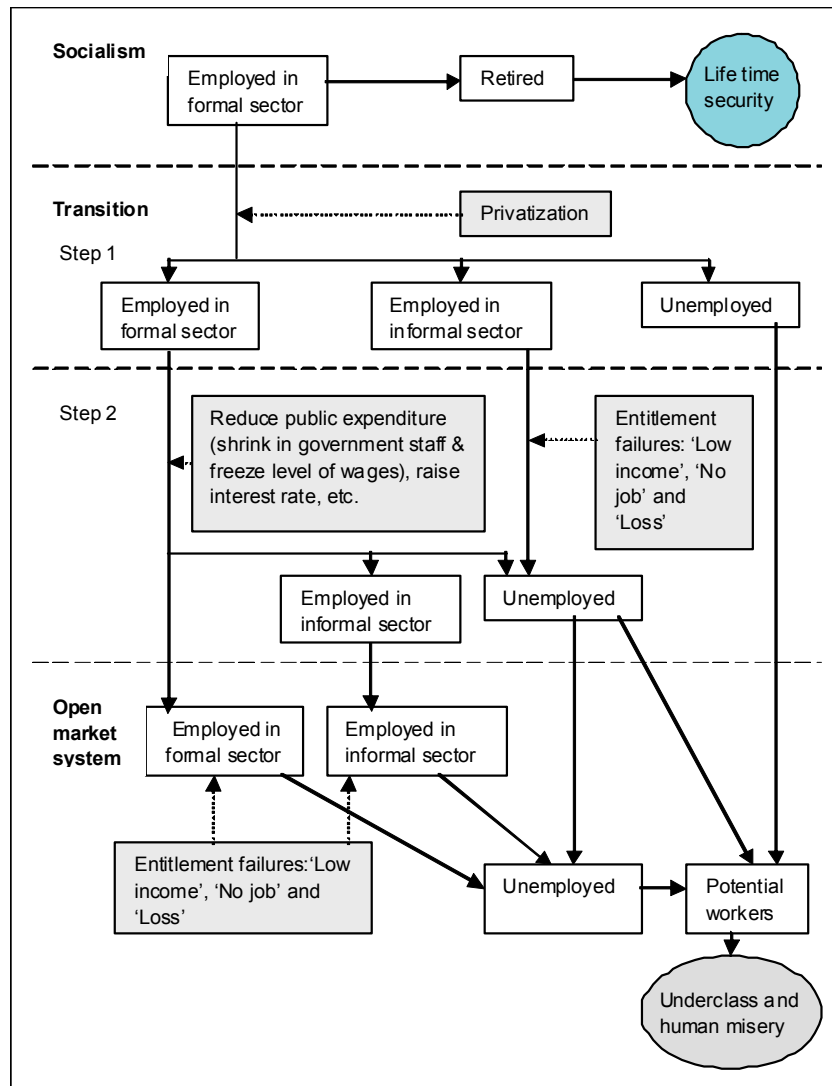
... begins with a critical juncture (Collier and Collier (1991)), meaning a decision and/or event that triggers a dynamic regime of self-reinforcement. A dominant solution begins to emerge little by little. This solution renders the whole process increasingly stable. Decisions are nevertheless still contingent and choices are still possible. At the heart of phase II different self-reinforcing effects are at work, inducing a process of positive feedback, such as (1) economies of scale and scope, (2) direct and indirect network externalities, (3) learning effects, (4) adaptive expectations, (5) coordination effects, and (6) complementarity effects (Arthur (1988); North (1990); Sydow, Schreyogg, and Koch (2005); Stieglitz and Heine (2007)).

Based on this framework, and also adopting the four features, (1) large set-up or fixed costs, (2) learning effects, (3) coordination effects and (4) adaptive expectations, to generate increasing returns in the case of technology of Arthur (1994:112), we develop an analytical framework for labour movement since transition to the open market system, the process which started from the same condition, the full employment, but with diminishing employment opportunities. In order to understand the process of emerging labour market and its change, we distinguish between triggering event and major causes, new opportunities and choices available, entitlement failures and immediate responses, learning and decision making, and adapted expectations, and we developed an analytical framework with five steps.

The first step focuses on change from state to private sector. In our framework, the *triggering event* is collapse of full employment or mass entitlement failures. Before the triggering event, people enjoyed lifetime security, having lifelong job and pension afterwards (Fig. 4.1). The *major causes* for triggering event or collapse of full employment were 'establishment changes', which in return caused by privatization. After privatization, establishments changed differently, some were not privatized and remained in the state hand, some became private, some dissolved and some collapsed, but the major change was change in ownership of an establishment, from state to private. After the first step, labour started to move freely. In the case of establishments, which were not privatized, majority of employees remained in the same job. Establishments of public sectors (public administration, education and health) were not changed due to privatization. In our research, we regard these sectors, or the sectors which are associated with less movement of employees out of the sector as *stable sectors*. In the case of establishments which were privatized, majority of employees remained in the same job, but the establishment changed from state to private. Trade and service sectors were privatized at first, and majority of employees remained in the same job upon privatization. At the same time, *new choices* (to work in state, private and informal sectors) emerged in the new, open market system. Informal sector emerged (see Ch.5 for informal sector), and some of employees did respond to this signal, and left the state sector, and joined private sector as well as informal sector. Those who failed to remain in the same job as well as those who failed to enter into the new private sector or

informal sector became jobless, and unemployment emerged (Sec. 4.6), at the first step of transition (Fig. 4.1).

Figure 4.1
Emergence of potential workers in the open market system



Source: Author's construction

In terms of individuals, some employees became de-facto self-employed workers, who work on individual basis. In our research, in conventional way, employees are persons who are hired to provide services to a company on a regular basis in exchange for compensation, and who does not provide these services as part of an independent business while workers are persons who work at a particular occupation and activity not only to provide services to a company but also as a part of an individual business.

The second step focuses on changes occurred after privatization, and *entitlement failures (and immediate responses)* emerged after mass entitlement failures during transition. After privatization, not all privatized establishments survived in the new, open market system. Majority failed to survive, and dissolved. After establishment dissolved, employees were freed, and faced with *forced movement* out of the job. In our research, *forced movement* refers to the movement which is not associated with choice of an individual. In other words, when establishment dissolved, employees became *failed workers* who faced with entitlement failures and who look back. After privatization, majority of *negdels* were dissolved, and employees became livestock breeders. But the process took two steps: 1) *negdels* were changed to become small cooperatives, and employees of *negdels* became individual livestock breeders of the small cooperatives, and 2) small cooperatives failed to survive in the new system, and individual livestock breeders became household based livestock breeders (Sec. 2.5.6-7, Ch.2). First and second steps suggest that movement of labour during transition (or after privatization) was a *stepwise movement*. In our research, *stepwise movement* refers to the movement of labour which is associated with privatization: 1) no change in job (the activity what one does), but change in establishment from state to private sector, and 2) change in job from the privatised sector to different sector of the choice. (See Fig. 4.1 for Step 1 and Step 2.)

The third step focuses on *new job opportunities and available choices* emerged in the new, open market system. During transition, employment in agriculture and retail trade is increased (Sec. 2.2, Ch.2), and agriculture and retail trade sectors became the *major economic sectors* in the open market system which offer *new job opportunities*. In our research, *major economic sectors* are defined in terms of number of employees rather than in terms of volume of production. Labour movement is more likely to *dominate*

towards these sectors or there was a greater labour movement to these sectors than to other sectors.

The fourth step focuses on *entitlement failures (and immediate responses)* which exist in the new, open market system. New job opportunities in the open market system are mainly limited to agriculture and retail trade sectors. In Mongolia, agriculture and trade sectors did experience growth while other sectors declined during transition (Sec. 2.2, Ch.2). It implies that there is 'no job' opportunity, as a major entitlement failure in the open market system. Furthermore, in Mongolia, agriculture is purely informal and retail trade is largely informal in the open market system (Sec. 5.6, Ch.5). Informal sector is associated with entitlement failures: 'no job' opportunity, 'low income' and 'loss'. Moreover, 'loss' is the major entitlement failure in agriculture, namely in livestock rearing sector in Mongolia (Sec. 5.11, Ch.5). It is the distinctive feature of Mongolia. Labour movement out of agriculture is not associated with market force or due to signal in different sector while 'loss' of livestock does occur. Also 'low income' prevails in the open market system (Sec. 3.3, Ch.3). Thus the open market system is characterised by entitlement failures: 'no job' opportunity, 'low income' and 'loss'. People *learn* about the situation and become aware of entitlement failures in the open market system. Some people become potential workers as they knew that they are failed to find permanent jobs at acceptable income or discriminated. Some people will accept low income, and become employed with low income. Some people will adapt ones actions in ways to make ones expectations to come true, and *adapted expectations* will include actions like learning new skills, holding multiple jobs and/or migrate.

The fifth step focuses on *lock-in* process of path dependence. Although people adapt ones actions in ways to make ones expectations to come true, at the end of the road, it is hard to fulfil ones expectations, as entitlement failures do continue to exist in the system. People would continue to adapt different actions not to face entitlement failures again and again. Those who failed to overcome entitlement failures with multiple actions become potential workers, and *lock-in* in path dependence occurs with the emergence of potential workers, people who look forward, as a class. Further, if potential workers will not find a job for longer period than they expected then they will give up, and start to look back. More dangerously, if potential workers will not work for a long period then their human capital is likely to go for amortization and they

will be unable to work even if a job is available, and will sink to human misery. This process, the multiple trials to develop a different livelihood, also can be explained by the sustainable livelihood framework (Sec. 3.6, Ch.3).

4.3 'Job change status' in the Primary Survey

With transition to the open market system, labour started to move freely and people started to make many changes in their jobs in Mongolia. In order to study labour movement since transition to the open market system in Mongolia, we used 'Job change-method' (Sec. 1.8.3, Ch.1), which is based on three jobs: first, previous and current. (See Sec. 1.8.1, Ch.1 for definition of job, main job and current job, and Sec. 1.8.3, Ch.1 for definition of first and previous jobs.)

Apart from main job, we also aimed at capturing multiple economic activities (second job and job in the past 12 months before the survey²), and found that there is a limited opportunity for multiple economic activities under the 'no job' opportunities in the open market system in Mongolia. The few multiple activities are mainly retailers and informal workers (see Table 1, 2, 3 and 4 in Appendix C). Also during field work, I asked (while I was following some interviewers) about the second job, and in response, one man, slightly nervously, told me that 'What are you talking about!!!, people do not have main job, and you ask about the second job, ... you people collect many information and what is the improvement, where is the job!!!'.

According to the 'job change-method', we studied persons (aged 12+) who had first jobs (1,443 persons), traced if they had previous and current jobs, and categorised them into five 'job change status': 'no change', 'one change with current job', 'two or more changes with current job', 'one change with no current job' and 'two or more changes with no current job' (Table 4.1).

Table 4.1
Number of jobs, job change status and number of persons

First job	Previous job	Current job	Number of jobs	Number of job changes or 'Job change status'	Number of persons
Total					1 443
yes	No	Same as first job	One job	No change	334
yes	No	Different from first job	Two jobs	One change with current job	436
yes	Different from first and current jobs	Different from first and previous jobs	Three or more jobs	Two or more changes with current job	144
yes	Same as first job	No	One job	One change with no current job	370
yes	Different from first job	No	Three or more jobs	Two or more changes with no current job	159

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

Before explaining each 'job change status', we need to explain some technical issues. The sampling frame does not allow us to generalize about Mongolia because it covers three urban locations, or urban areas only. (See Table 1.2, Ch.1 and Table 1 in Appendix F for total sample aggregation.) Moreover, we did not analyse labour movement by location, but we used total number of persons who entered into first job to get a general picture of labour movement.

Also the number of persons in each category of 'job change status' is not sufficient to analyse labour movement by location. Furthermore, in the system where there is an extensive labour movement, three jobs might not be sufficient to study labour history. In the case of Mongolia, there was limited labour movement during socialism. Also job changes are likely to occur due to structural changes or due to changes at the macro and meso levels, and therefore, labour movement is likely to have a pattern which reflects structural changes. Therefore, three jobs were sufficient to trace and measure labour movement since transition to the open market system in Mongolia. Furthermore, persons in our survey did not obtain their first jobs at the same time. It is also true for previous

jobs. They obtained their first jobs in different periods (socialism, transition and open market system), and in order to compare first jobs, we use 'age groups' of persons who had first job (see Fig. 4.2 and Table 4.7). In the case of previous jobs, majority of them occurred between 1990 and 2003. We study labour movement comparing first jobs, and previous jobs, not in terms of time but in terms of occupation, industry and employment status.

Made 'no change' refers to a person who entered into labour (or had a first job), and did not change his/her first job and remained in the first job at the time of the survey. For him/her, first and current jobs are the same, and does not have any other job in between. A person who has 'no change' has one job, which is the first job, in his/her labour history.

Made 'one change' refers to a person who entered into labour (or had a first job), and who made one change in their jobs. For him/her, first and previous jobs are the same, and does not have any other job in between. If he/she has different current job then he/she is categorised as made 'one change with current job' and if he/she has no current job then he/she is categorised as made 'one change no current job'. In other words, persons who made 'one change' in jobs are divided into those who have current job and those who do not have current job. A person who has 'one change' has two jobs – first job and current job, in his/her labour history.

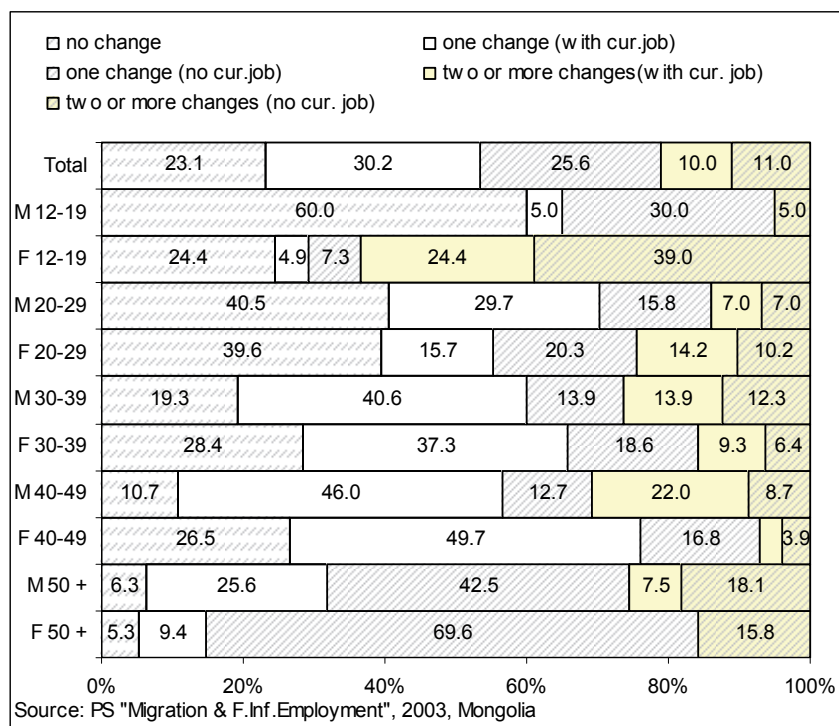
Made 'two or more changes' refers to a person who entered into labour (or had a first job), and who made two or more changes in their jobs. For him/her, all three jobs, first, previous and current jobs, are different. If he/she has current job then he/she is categorised as made 'two or more changes with current job' and if he/she has no current job then he/she is categorised as made 'two or more changes no current job'. In other words, persons who made 'two or more changes' are divided into those who have current job and those who do not have current job. A person who has 'two or more changes' has three or more jobs – first, previous and current jobs, in his/ her labour history.

4.4 Mass entitlement failures and labour movement

During socialism, labour was allocated, and further movement was controlled (see Holzer and Wasilewska-Trenkner 1981:182). In Mongolia, labour movement was limited and people enjoyed lifetime security dur-

ing socialism. Around three quarters of persons who entered into labour at the earlier stage of socialism (see persons aged 50+, Fig. 4.2) made either 'no change' or 'one change' in the entire labour history, and majority of those who made one change made it to retire from the first job. This evidence of lifetime security becomes clearer for females as they get retired earlier than males. Majority of females aged 50+ (84.2%) enjoyed lifetime security and sustainable livelihood. (See also Fig. 4.1.) This evidence suggests that permanent job matters the most to have secure livelihood, both for males and females.

Figure 4.2
Job change status, by age and sex



In the market economy, free movement of labour reallocates it according to market need (Ritchey 1976). During transition, after mass entitlement failures, labour started to move freely and labour movement increased in Mongolia. More than 70% of persons who entered into labour before transition moved out of the first job (see persons aged 30-39 and 40-49, Fig. 4.2). During transition, females were more likely to lose their jobs than males (Rainnie et al. 2002:19) and face chronic unemployment, and some advertisements exclude females (Hardy and Stenning 2002:113). In Mongolia, although females were less mobile than males, those who changed their jobs are more likely to remain with 'no job' than males, especially those who made 'one change' (see females aged 30-39 and 40-49, Fig. 4.2).

Similarly, not all males were secure though they were more mobile. Males aged 30-39 are much more likely to remain with 'no job' than males aged 40-49, after job change. In other words, males aged 30-39 are most likely to face insecurity and vulnerability during transition in Mongolia. Majority of them entered into labour at the dawn of transition, as they were aged 17-26 in 1990, and therefore, they are less likely to have work experience when mass entitlement failures did occur in Mongolia, mainly with privatization. (See Sec. 2.2 and 2.5.6, Ch.2 for privatization.) This evidence suggests that lessons learned and human capital, and among others working capital, gained through work experience, matter the most for the sustainable livelihood, especially when the *triggering events*, like mass entitlement failures, do occur.

In terms of education, people with technical vocational education are least likely to remain in their first jobs (Fig.1 in Appendix C). They are also more likely to remain with 'no job' after job change. During transition, people with technical or vocational education failed to find jobs (Hardy and Stenning 2002:113). These are in line with movement out of manufacturing and construction sectors (Fig. 2 in Appendix C). This evidence suggests that macro level changes matter the most for labour movement.

In the open market system, labour movement increased. More than 60% of persons (see persons aged 20-29, Fig. 4.2), who are at the earlier stage of labour history, changed their jobs. In the open market system, young females, especially those aged 12-29, are most likely to face insecurity and vulnerability. The percentage of 'two or more changes with no current job' is highest for young females, 39.0%. However, in

terms of number they are few. These vulnerable young females are those who failed to continue education. This evidence suggests that education matters the most for females to have a secure livelihood, especially in the open market system which is associated with entitlement failures.

In Mongolia, females have better education than males as reverse gender gap³ was born during socialism. Migrant⁴ girls are more likely to study than migrant boys (MSWL, PTRC and UNFPA 2001). Also in our survey, young females are more likely to study than young males (see Fig. 4.4 for age and sex structure of non-workers.) Therefore, females started to dominate in urban areas in the open market system in Mongolia (NSO and UNFPA 2001a:87). In our survey, females dominate (sex ratio is 84.9 for persons aged 12+), especially among young persons (aged 12-29) (Table 5 Appendix C).

It is because, in rural areas, after privatisation in 1991, people started to keep boys to engage in livestock rearing and send girls to school. Therefore, boys drop out of school to engage in livestock rearing (NSO and ADB 2004), and there is a departure from universal education though schools are available in the open market system in Mongolia. (See also Sec. 2.5.3, Ch.2.) As a result, low (or non-) educated persons emerged (NSO and UNFPA 2001a:70), and the reverse gender gap in education increased in the open market system in Mongolia. We found that low (or non-) educated persons are most mobile since transition, and males dominate among them (Fig. 1 and Table 6 in Appendix C). Also almost of them have no current job. These are agricultural workers who moved out of the sector (Fig. 2 in Appendix C), and males dominate among those who entered into agriculture (sex ratio is 112, Table 7 in Appendix C). In other words, male bias in livestock rearing in rural areas and the reverse gender gap in education in urban areas are two sides of one phenomenon, the structural change (or encouragement of agriculture) in the open market system. Furthermore, low (or non-) educated males who faced entitlement failures in rural areas move to urban areas, and increase the reverse gender gap in education in urban areas. These suggest that there is a change 'from gender equality driven to economic structure driven reverse gender gap in education' during transition in Mongolia.

In short, during socialism, labour movement was limited. Persons enjoyed lifetime security, under the ideological commitment to full employment, and it suggests that permanent job matters the most for peo-

ple to have a secure and sustainable livelihood. During transition, males were more mobile than females. But not all of them were secure. Males aged 40-49, who had work experience when the *triggering event* did occur, were most secure making many changes in jobs and having current job afterwards while males aged 30-39, who did not have work experience when the *triggering event* did occur, were most insecure, making many changes in their jobs and having no current job afterwards. It suggests that lessons learned and human capital, and among others working capital, matter the most for the sustainable livelihood, especially when the *triggering event*, like mass entitlement failures, do occur. Similarly, females with low education were most insecure, making many changes in their jobs, and having no current job afterwards, and it suggests that education matters the most for females to have a secure livelihood. On the other hand, males with high education were most secure. Both males and females with technical vocational education, majority of whom are likely to be industrial and construction workers, were most mobile and insecure since transition to the open market system. In the open market system, labour movement increased, and due to increase in reverse gender gap in education, non- or low educated young males, majority of whom are likely to be agricultural workers, were most mobile and insecure. These suggest that macro level changes, including changes in economic structure, matter the most for labour movement and livelihood. But generally change was in the direction of much greater work insecurity.

4.5 Stepwise movement to retail trade

In post-socialist countries, overall employment fell but there was some increase in employment in the new private trade and service sectors (see for e.g., Meurs 2002:209, Clarke 1999a&b, Hardy and Stenning 2002: 113). In Mongolia, with transition to the open market system, light-industrialization did collapse (Sec. 2.2, Ch.2), and employment decreased during 1993-1997, especially in manufacturing, construction, transport and communication, and social sectors (NSO 1995, 2001). In our survey, we studied labour movement by industry (Fig. 2 in Appendix C), and found that all major sectors are associated with movement out of the sector. Movement out of manufacturing and construction sectors is large. For example, in our survey, all females who had previously entered into construction sector moved out of the sector. There was less movement out of public administration, education and health.

On the other hand, employment increased in agriculture and trade sectors during transition (NSO 1995, 2001). However, our survey, as it covers urban areas, reveals that there was movement out of agriculture. People who moved out of agriculture are most likely to have no current job, in urban areas. Also those who moved out of retail trade are less likely to change ones job many (three or more) times. These suggest that retail trade was a 'stable sector' during transition, somewhat like public sectors, in urban areas in Mongolia. In general, in post-socialist countries, movement to informal sector, including to the informal retail trade, was seen as undesired movement (Momsen 2002:164). In Mongolia, there was a price signal towards informal sector, and people did respond to this signal after entitlement failures. Our survey revealed an economic motive for migration to informal sector, especially to informal retail trade (Sec. 5.9-10, Ch.5).

The movement to informal retail trade was stepwise in Mongolia, and virtually from all sectors. After privatization, many establishments were transformed from state owned to private owned (or in some cases to co-operatives). Thus the first step of movement was within the same sector, from state to private. After privatization, majority of private establishments failed to survive in the new system in Mongolia. Macro level measures (tax, loan availability and interest rate) and other more micro reasons resulted in the collapse of establishments (Griffin 1995). Thus the second step was movement to different sector, and mainly to retail trade.

In our survey, we found that people who stopped their first jobs in agriculture, manufacturing and construction made stepwise movement to retail trade. Movement out of agriculture was stepwise, mainly to retail trade. At first, more than half of agricultural labour moved 'within agriculture' (see for previous job, Table 4.2). But for the current job (or the second stage), only tiny percent of agricultural labour remained in the same sector.

Movement out of manufacturing was stepwise and mainly to two sectors: the same sector and retail trade. For the two stages (or for previous and current jobs), manufacturing labour is equally likely to make movement to the same sector and retail trade. Moreover, compared with agriculture, there was movement to more diverse sectors, especially from first job to previous job.

Movement out of construction was mainly to three sectors: the same sector, manufacturing and retail trade. Also there was a return movement to construction sector (from previous to current job).

Table 4.2
Industry distribution of previous job (PJ) and current job (CJ) who stopped their first jobs in agriculture, manufacturing and construction

	Agriculture		Manufacturing		Construction	
	PJ	CJ	PJ	CJ	PJ	CJ
Total -N	38	38	31	31	17	17
%	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	55.2	2.6	9.7	6.5	11.8	11.8
Manufacturing*	7.9	23.7	25.8	19.4	29.5	11.8
Electricity, heating & water supply	-	-	-	-	5.8	-
Construction	5.3	7.9	6.5	6.5	23.5	29.4
Recycling industry	-	-	3.2	3.2	-	-
Wholesale trade	5.3	5.3	3.2	6.5	11.8	-
Retail trade	10.5	29.0	29.0	19.4	11.8	11.8
Hotels & restaurants	5.3	5.3	6.5	9.7	-	5.9
Transport	-	5.3	3.2	6.5	-	-
Public administration	5.3	10.5	3.2	9.7	5.8	5.9
Education	2.6	2.6	6.5	3.2	-	-
Health & social work	2.6	2.6	3.2	-	-	5.8
Sewage, disposal, sanitation and collection activities	-	2.6	-	6.5	-	-
Membership, recreational, cultural and sport activities	-	2.6	-	3.2	-	5.8
Household & personal services	-	-	-	-	-	11.8

* Manufacturing of clothing and household material only

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Moreover, people moved to retail trade from public sectors – public administration, education and health (Table 8 in Appendix C). Among public sectors, movement to retail trade was greatest for health sector.

On the other hand, people also moved out of retail trade. However, 43.3% of persons who changed their first jobs in retail trade moved within the same sector (Table 4.3), and the movement within the same sector is highest for retail trade compared with other sectors (Table 4.2).

Table 4.3
*Current job industry distribution of persons who stopped
 their first jobs in retail trade*

	Current job
Total -N	30
%	100.0
Agriculture	3.3
Manufacturing	10.0
Electricity, heating & water supply	3.3
Construction	10.0
Recycling industry	-
Wholesale trade	6.7
Retail trade	43.3
Hotels & restaurants	-
Transport	6.7
Post & telecommunications	-
Financial intermediation	3.3
Public administration	3.3
Education	3.3
Sewage, disposal, sanitation and collection activities	-
Household & personal services	3.4
International organisations	3.4

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

In short, among all sectors, retail trade is associated with less movement out of the sector, and there is a stepwise movement to retail trade from other industries in Mongolia during transition. Moreover, persons who entered into retail trade are most likely to make movement within the same sector. These suggest that retail trade is a 'stable sector' during transition, somewhat like public sectors, in urban areas in Mongolia. More importantly, it suggests that retail trade, but not manufacturing, is a major employment sector in urban areas in the open market system in Mongolia.

4.6 Emergence of unemployed and potential workers

Apart from movement to informal retail trade, there was movement to potential workers during transition in Mongolia.

4.6.1 Concept of potential workers and non-workers

Concept of potential workers

The concept of potential workers was defined by Cohen (1987:42). However, it includes informal workers (Sec. 3.4.1, Ch.3). According to ILO definition, there is no concept of potential workers which is in use for data collection. According to ILO definition, there is a concept of 'discouraged workers' which includes persons who felt 'no work is available'. However, in literature in labour movement or labour force, potential workers are often defined as persons who state that they want a job but who are classified outside the labour force.

In our survey, we made an attempt to measure potential workers, as a statistical product, defining them differently from unemployed and non-workers. In our survey, unemployed are persons who stated that they were looking for a job in the past week before the survey. It was the only measure to define unemployed, and we did not ask, for example, if they were registered at the employment agency and duration of unemployment. On the other hand, potential workers are persons who did not state that they were 'looking for a job', but stated different reasons, like 'no work is available', 'low income' and 'discriminated' (Table 4.6). In other words, potential workers do not actively seek for a job, taking actions themselves, like writing, phoning, contacting or applying in a person to an employer, and taking steps to set up own business, and to be registered at the employment agency. In our survey, we found that some of potential workers seek for a job passively. We asked first and second 'reasons for not working' (see Fig. 1.3, Ch.1). About one third of potential workers (who give two reasons for not working⁵) stated that they look for a job passively. In modern days, people can seek for a job passively, putting ones CV or resume on the webpage. In our survey, potential workers seek for a job passively, asking others to find him/her job, and informing others that they are available for work. Potential workers have own reason not to work because of learned experiences and own ways of solving problem, having adapted expectations, like living on others support:

My son is reaching forty. He does not work, he drinks and he lives with me (on my pension). He is a driver. His eldest brother found him a job, to work in his office as a driver. It was a good job, and it was a government office. He left this job. His brother complained that he was not punctual

and creating problems around him as well. Later, his other brother, also my son, found him a job in the west region in mining company to work as a truck driver. My son was a friend of the boss of this company. His brother paid his additional training to work in mining company, and bought him new warm clothes. But he did not go to the west region, after all this. Now he asks his brothers to buy him a car to work as a taxi, and my daughter-in law, wife of eldest son, was very harsh with him. I worry what will happen to him if I die. (Conversation with 74 years old women in UB, in August 2004)

Thus, potential workers are different from unemployed as a statistical product of different reference periods. Potential workers are likely to be generated due to long term unemployment. If people stay outside of labour force for a long period then they are likely to become discouraged and discriminated, with ‘amortized human capital’. Conventionally, short term (or frictional) unemployment prevails in the well functioning labour market where people move quickly from unemployed back to work, and periods of up to six months are generally considered to be short term unemployment while long-term unemployment prevails in the system where structural obstacles prevent people from moving into employment, and it is a sign of not well functioning labour market, and periods of 12 months or over are considered to be long term unemployment. Also potential workers are different from unemployed in terms of decision-making. Potential workers, according to our analytical framework (Sec. 4.2), people who have learned from experience and adapted expectations. Furthermore, potential workers can be socio-psychologically insecure in their economically inactive status and likely to face poor well-being due to dysfunctional behaviour.

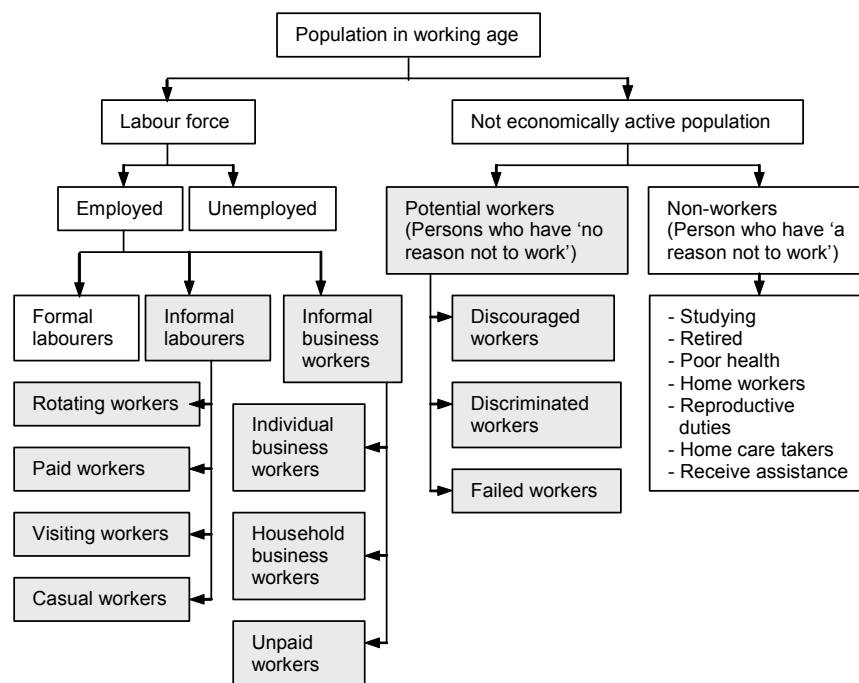
On the other hand, potential workers are similar to unemployed because they have no job and ‘no reason not to work’ which fully explains to be outside of labour force. In other words, unemployed are economically active (or classified inside of labour force) and potential workers are economically inactive (or classified outside of labour force) while both of them have no job and ‘no reason not to work’. Thus, according to our empirical concept, potential workers are persons who are not looking for a job in the past week before the survey, like unemployed, while they have no job and ‘no reason not to work’.

Potential workers, although they are classified outside of labour force, are different from non-workers because potential workers have ‘no

reason not to work' while non-workers have a 'reason not to work'. In other words, reason for not working of non-workers fully explains to be classified outside of labour force.

We picked up potential workers from the list of reasons for not working, developed based on various responses given in our survey (Sec. 1.8.1, Ch.1). In other words, we categorised population in working age according to workers status: employed, unemployed, potential workers and non-workers (Fig. 4.3).

Figure 4.3
Labour force approach: Potential workers and informal workers



Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

In our survey, we found three types (or categories) of potential workers: discouraged workers, discriminated workers and failed workers.

Discouraged workers

According to ILO definition, discouraged workers are persons who felt 'no work is available'. In other words, they seek for a job passively. They do not search for a job actively but they wait for a particular type of job to appear, for e.g. permanent job, job with sufficient wages, specific jobs (part time job, job of qualifications and interest, and job for handicapped persons) and informal jobs.

Discouraged workers due to 'no (permanent) job' are persons who felt that permanent job is not available. Permanent job is a job in formal sector with regular wages, working hours and job security. During field work, one can hear virtually from everybody that 'I can not find permanent job' (in Mongolian language – 'baingiin ajil oldokhgui'). 'No permanent job' was a common answer for 'reasons for not working', like studying and retired.

Discouraged workers due to 'low income' or 'no job with sufficient wages' are persons who felt that job with sufficient wages is not available. In our survey, number of persons stated that available job has poor wages. Also it includes persons who stated that wages are not given in time. During field work, 'low income' and 'wage is low' (in Mongolian language- 'orlogo бага', 'tsalin бага') was one of the most common responses. However, many stated specific reasons such as 'Income is not sufficient to support my family', 'I should support my family' and 'We can not meet children's school expenses'. These suggest that 'low income' is likely to mean insufficient 'breadwinner income'.

Discouraged workers due to 'no specific jobs' include persons who stated 'no part time and/or seasonal job', 'no job of qualifications and interest' and 'no job for handicapped persons'.

Discouraged workers due to 'no part time and/or seasonal job' are persons who felt that part time and/or seasonal job is not available. It is likely to reflect economic activity of non-workers and hidden economic activity of employed persons, rather than economic activity of potential workers. It includes, for e.g., in our survey, students and secondary school children who stated that there is no hourly and daily job during non-study period, and seasonal job during vocation, and pensioners who stated that

there is no part time job. Moreover, employed persons stated that there is no secondary job.

Discouraged workers due to 'no job of qualifications and interest' are persons who have education, skill and qualifications and who felt that job of qualifications and interest is not available. For e.g. in our survey, we found persons who stated that could not find a job of qualifications, do not like to engage in commerce or in informal job. They can be part of 'luxury unemployed'. ('Luxury unemployed' is defined in Moser et al. (1993)).

Discouraged workers due to 'no job for handicapped persons' are handicapped (disabled or sick) persons who stated that they can not find (an appropriate) job. It reflects economic activity of handicapped persons.

Discouraged informal workers are persons who stated that I can not start individual or household business because of poor financial and human capital. In other words, they have a desire to engage in informal business.

Discouraged informal workers due to 'poor financial capital' are persons who stated that I can not start individual or household business because of poor financial capital. They stated that they can not start business because of no financial resources, no (wage) loan, high interest rate, no tools, no assets, no place of work and no money for transport.

Discouraged informal workers due to 'no job because of no customer' are persons who engage in informal business and stated that job is not available because of no customer. For e.g., in our survey, we found a truck driver in SC who stated that he can not find people or goods to be transported from SC. Also some of them stated that people (i.e. customers) have no cash.

Discriminated workers

Discriminated workers have not been defined in international standard censuses and surveys. In our survey, discriminated workers are persons who felt that job is available, but they can not get into a job because they (felt or) were discriminated against by employers or by status.

Discriminated workers by employers are persons who can not get into a job because they (felt or) were discriminated by employers because of age, sex, appearance, no social network and no bribe. One reporter stated that 'I can not get into a job because not only age and sex but also height and weight are given'.

Discriminated workers due to poor health are persons who (felt or) were discriminated because of his/her health situation.

Discriminated workers due to 'no social network' are persons who stated that I can not enter into a job because I do not have persons (friends, relatives) to assist. For e.g., one reporter stated that 'I do not know anybody who is in power, and therefore, I can not find a job.'

Discriminated workers due to 'appearance' are persons who stated that I can not enter into a job because of my appearance (face, clothes, poor looking).

Discriminated workers due to 'no bribe' are persons who stated that I can not get into a job because I did not give a bribe. One reporter stated: 'I am an economist by training but I do not work according to my qualifications for a long time. I did search for a job but I can not afford the bribe. It is scaled depending on status or type of job.'

Discriminated workers by status are persons who can not get into a job because of illegal status, and status in society and in family. Discriminated workers due to 'status in family' are persons who stated that family members do not permit (parents, spouse, brother). Discriminated workers by 'illegal status' are persons who stated that I can not enter into a job because of no document, no migration certificate and no UB passport.

Failed workers

Failed workers are persons who stated that I had a job but failed to continue due to certain reasons like establishment changed, loss, seasonal job, low profit, difficulties, poor health, long working hours, laid off and freed from job. Failed workers are likely to be stressed out temporarily because of unexpected event, and therefore, they do not immediately move to seek for a job. Instead, they are likely to be in temporary status, and after some time, they may become unemployed, discouraged workers or discriminated workers.

Failed workers due to establishment change include persons who failed to work because establishment changed. Establishments changed in many different ways, like went bankruptcy, dissolved, privatised, abolished, shrunken and got split.

Failed workers due to 'loss', in our survey, include persons who faced with loss due to natural disaster and other reasons than natural disaster.

'Loss' mainly occurs in informal sector. Livestock rearing in Mongolia became prone to natural disaster since privatisation. Bayankhongor aimag lost 2/3 of its livestock in two years (2000-2002), first time in its history (NSO 2004).

Failed workers due to 'temporary/seasonal job' are persons who did stop the job because the job was temporary/seasonal.

Failed workers due to 'low (or no) profit' are persons who did stop the job due to low (or no) profit because of small market, decline in price of cashmere and wool, and no customer. One reporter stated that no one buys sheep wool.

Failed workers due to 'difficulties' are persons who stopped ones job because of job related difficulties. Difficulties, for e.g., include poor working condition, the job was difficult, difficult to stand for long hours, work outside, work in cold, employers pressure and work is far from home.

Failed workers due to poor health are persons who stopped the job due to poor health.

Failed workers due to '(no suitable) working hours' are persons who failed to work because of evening and night working hours, long working hours, and no suitable working hours.

Concept of non-workers

Non-workers are different from potential workers. They are socio-psychologically more secure and less vulnerable than potential workers because they have a reason not to work, and therefore, a reason to be supported by somebody else. Non-workers are persons who stated that they have a reason not to work, i.e. the reason fully explains being out of labour force. The major categories of non-workers found in our survey are: studying, retired, poor health, home workers, in reproductive duties, home care takers and receive (informal) assistance (see Sec. 1.8.1, Ch.1 and Fig. 4.3).

Persons with poor health, in our survey, include sick and disabled persons as well as persons with psychological problem and bad habit (mainly alcohol addiction).

Persons in reproductive duties include women who are pregnant, and under prenatal and antenatal care (pregnancy vocation), and persons (fe-

male or male) who look after a baby (and there was only one man who looks after a baby in our survey).

Home workers are persons who engage full-time in household maintenance activities. It does not include persons who engage in household maintenance activities for rewards and for the sake of survival. It includes not only daily service type of home duties such as cleaning, cooking and washing but also unpaid productive work done for home and household members. In our survey, we found persons who build and repair own house, and assists a sister in making a dress for their children.

Home care takers are persons who do care for somebody else. It includes persons who look after elderly or sick persons in hospital or at home. It does not include persons who look after somebody else for rewards and for the sake of survival. Home workers and home care takers are often combined.

Persons who receive assistance include persons who do not search for a job because they receive assistance, like meat and dairy products from rural areas and remittance from abroad. 'Receive assistance' is often combined with other reasons for not working. In our survey, 'receive assistance' is appeared among elderly.

4.6.2 Emergence of unemployed and potential workers

During socialism, under ideologically committed full employment, there was no unemployed. But people might have been dissatisfied about their jobs and places. For example, I was not happy to be allocated to work in Bayankhongor province, after graduation in Moscow, and while my parent's home was in UB. After loss of formal employment in the transition and under the open market system, although there was a stepwise movement to retail trade in Mongolia (Sec. 4.5), retail trade and other informal activities failed to recruit all persons who lost their jobs, and unemployment emerged in Mongolia (see also Fig. 4.1). In Mongolia, after privatization, redundant labour was dismissed during transition (Griffin 1995:13). But well after transition, unemployment rate was high, 17.5% in 2000, in Mongolia (NSO and UNFPA 2001a:90).

In other former socialist countries, unemployment was high during transition. In East Germany, unemployed accounted for one third of labour force during transition (Gross and Steinherr 2004). Furthermore, short-term unemployment was replaced by long-term unemployment

during transition (Nenova-Amar and Radeva 1994:130). One of the reasons for long-term unemployment in transition countries was mismatch within an economy between new job creation and job losses (World Bank 1996b:66-77, Cornia 1996:9-10). In the open market system, where agriculture, tourism and mining sectors are encouraged, job creation is likely to be limited in urban areas. As a result of mass unemployment, pool of potential workers was created after transition (Pickles 2002:253).

Table 4.4
Reason for stopping first job (FJ) and previous job (PJ) for people who stopped their first jobs in agriculture, manufacturing and construction

Reasons for stopping jobs	Agriculture		Manufacturing		Construction	
	FJ	PJ	FJ	PJ	FJ	PJ
Total - N	93	93	51	51	29	29
%	100.0	100.0	100.0	100.0	100.0	100.0
MOVED TO NOT EC. AC. POP.	95.7	86.0	78.4	90.2	100.0	86.2
MOVED TO NON-WORKERS	16.1	4.3	11.8	13.7	24.1	24.1
MOVED TO POTENTIAL WORKERS	79.6	81.7	66.7	76.5	75.9	62.1
<i>Moved to discriminated workers</i>	1.1	4.3	2.0	15.7	10.3	10.3
<i>Moved to failed workers</i>	77.4	63.4	51.0	45.1	62.1	41.4
Temporary or seasonal job	-	1.1	-	11.8	3.4	17.2
Loss due to natural disaster	7.5	35.5	-	3.9	-	-
Loss not due to natural disaster	3.2	19.4	-	11.8	-	10.3
Difficulties	-	5.4	2.0	13.7	-	3.4
Establishment changed	66.7	2.2	49.0	3.9	58.6	10.3
Establishment went bankruptcy	-	-	-	-	-	3.4
Establishment abolished	-	-	9.8	-	6.9	3.4
Establishment privatised	4.3	1.1	17.6	2.0	13.8	-
Establishment dissolved	62.4	1.1	21.6	2.0	37.9	3.4
EMPLOYMENT MOVEMENT	1.1	7.5	11.8	5.9	-	6.9
MIGRATION	3.2	6.5	9.8	3.9	-	6.9

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

During transition, collapse or shrink of establishments were the major reasons for loss of employment (Standing 2002:40). Potential workers emerged mainly due to 'establishment change' in Mongolia during transition (see for first job, Table 4.4). (See also Fig. 4.1.) In agriculture, 'establishment dissolved' was the major reason for mass entitlement failures in Mongolia. About two thirds of persons who stopped their first jobs in agriculture stated that 'establishment dissolved'. Also in Bulgaria,

collective farms dissolved quickly (Pickles and Begg 2000). In manufacturing and construction sectors, 'establishment abolished', 'establishment privatised' and 'establishment dissolved' were major reasons for mass entitlement failures.

Potential workers emerged from public sectors – public administration, education and health. Apart from loss of a job, people faced entitlement failures due to decline in real wages and increase in prices (Wuyts 1992:21-22), and join the pool of potential workers. As a result of reform measures to reduce public expenditure, a number of government officers were freed. Initially, there was a reduction in number of government officers, and later, number of government officers left the office due to 'low wages'. One government officer was speaking about his job change since transition:

People were really afraid to lose their jobs (the entitlement). There was a reduction in officials in my previous job, roughly half to be freed. There were criteria for people to keep. I was okay. I was working according to my profession. In addition to this, free flat was offered for volunteers who will leave the office among those who met the criteria. Nobody showed up. (!!! Job was important than flat.) Now I regret. I would have taken the new flat and leave the office because I left it later, anyway. How I knew that our salary will come down like that (second entitlement failure) and no other benefit (referring to corruption). There was no reason to stay there. The salary of my current job is not better than that of previous one because it is also government office. But main thing is that here I have other benefits you know (referring to corruption) (Conversation in UB, in Sept. 2000).

Potential workers emerging from the public sector tended to be discriminated against and discouraged due to low wages (Table 9 in Appendix C). 'Establishment change' was not the major reason for stopping jobs in the public sector. However, in public administration 'establishment shrunk', and in health sector 'establishment dissolved' appeared as reasons for stopping first jobs and possibly for moving to potential workers. In general, movement to potential workers (the percentage of persons who lost their jobs) from the public sectors was less than that from agriculture, manufacturing and construction (see Table 4.4, and Table 9 in Appendix C).

Apart from movement to potential workers, there was movement to non-workers, mainly moving into retirement. 'Early retirement' or 'forced retirement' was used extensively upon mass entitlement failures in former socialist countries (see Paukert 1995, Standing 2002:40-41), as it was a measure to limit entitlement failures. In Russia, young people and people who were reaching retirement age are both more likely to exit from labour market (Clarke 1999a:118).

In short, as in other former socialist countries, upon transition, people were faced mass entitlement failures, and unemployed and potential workers emerged in Mongolia. The major reason for movement to potential workers of persons who were engaged in agriculture, manufacturing and construction sectors was 'establishment change' while potential workers who emerged from public sectors were mainly discriminated against and discouraged due to low wages. Also people who were working in agriculture, manufacturing and construction sectors were more likely to move to be potential workers than those in the public sector.

4.7 Potential workers - number, age, sex and education

In Mongolia, as in any other former socialist country, potential workers emerged due to long term, chronic or structural unemployment during transition (Sec. 4.6). However, no one has not yet defined the size of potential workers and studied them separately from unemployed in Mongolia. It is because potential workers, since its definition by Cohen (1987:42), have not been measured as part of the labour force, extending the range of insecure livelihoods.

During socialism, potential workers did exist but they were countable or measurable. In other words, there were few people who have 'no job' while they have 'no reason not to work'. I was involved in the social scheme work to create work place for people who have 'no job', while I was working in economic and planning committee in Bayankhongor AC in 1988. There were few people, and some of them were people who have 'a reason not to work', like slightly mentally sick persons and disabled persons.

On the other hand, in the open market system, potential workers are not under the care of government and local government, and NGOs or other civil society organizations. Government, local government, NGOs and other organizations mainly deal with unemployed, and mainly with

those few who are registered. The major reason is that there is no awareness of existence of potential workers as a class in the open market system in Mongolia.

In our survey, we made an attempt to measure the size of potential workers based on the conventional measures of economic activity (or current economic activity), and people who have no current job and who are not looking for a job in the past week before the survey, while they have 'no reason not to work', are categorised as potential workers (see Sec. 1.8.1, Ch.1 and Sec. 4.6.2.). Current job is based on main job only as there was limited opportunity for multiple economic activities in the open market system in Mongolia (Sec. 4.3).

In our survey, based on current economic activity and 'reasons for not working', everybody aged 12+ was defined according to their workers status as employed, unemployed, non-workers (NWs) and potential workers (PWs) (Fig. 4.3).

We found that the proportion of potential workers (6.9%) is as large as the proportion of unemployed (7.1%). (See Table 4.5 for workers status.)

The proportion of potential workers is lowest in UB and it is slightly smaller than the proportion of unemployed. If we include potential workers in labour force, those available for work increases substantially. In our survey, out of 2,086 persons aged 12+, roughly half is economically active⁶ (LFPR=50.9%⁷ (employed and unemployed) and the other half is not economically active (non-workers and potential workers). (See Table 4.5 for labour force participation rate (LFPR), the ratio of labour force in the population aged 12+.) Economic activity is lowest in AC, and similar in UB and SC. In our survey, unemployment rate is 13.9%, and it is highest in UB (UR=16.9%)⁸. (See Table 4.5 for unemployment rate (UR), the ratio of unemployed in the labour force, the conventional measures of economic activity (or supply and demand of labour).) However, when we include potential workers, those available for work but not in work becomes equally high in all locations, accounting for about a quarter of persons aged 12+ (UR including PWs=24.1%).

Table 4.5
Economic activity and workers status of persons aged 12+, by location

	Total	UB	AC	SC
Total population aged 12+	2 086	1 203	597	286
Labour force	1 062	621	293	148
Employed	914	516	269	129
Unemployed	148	105	24	19
Not economically active	1 024	582	304	138
Non-workers (NWs)	881	517	246	118
Potential workers (PWs)	143	65	58	20
Discouraged workers	110	46	48	16
Discriminated & failed workers	33	19	10	4
Available for work including PWs	1 205	686	351	168
Unemployed and PWs	291	170	82	39
Labour force participation rate	50.9	51.6	49.1	51.7
Employment rate	86.1	83.1	91.8	87.2
Unemployment rate (UR)	13.9	16.9	8.2	12.8
Available for work including PWs (AW)	57.8	57.0	58.8	58.7
Unemployed and PWs as % of AW	24.1	24.8	23.4	23.2
Unemployed as % of AW	12.3	15.3	6.8	11.3
Discouraged workers as % AW	9.1	6.7	13.7	9.5
Discriminated & failed workers as % AW	2.7	2.8	2.8	2.4
Workers status (%)	100.0	100.0	100.0	100.0
Employed	43.8	42.9	45.1	45.1
Unemployed	7.1	8.7	4.0	6.6
Non-workers	42.2	43.0	41.2	41.3
Potential workers	6.9	5.4	9.7	7.0

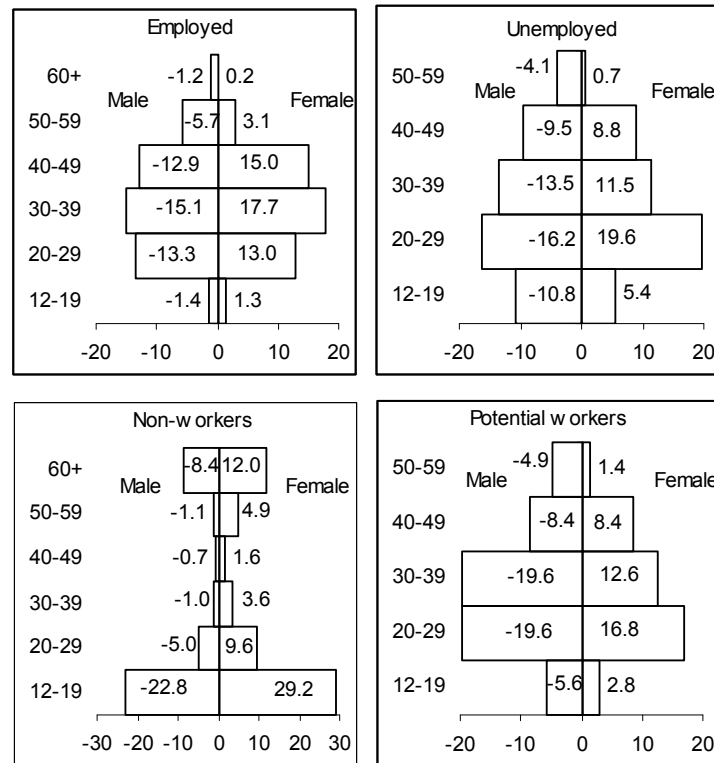
Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

In terms of age and sex, in general, males are more likely to be potential workers than females (Fig. 4.4, please ignore (-) for males). About 40% of potential workers were males aged 20-39. Especially, males in prime ages are most likely to be potential workers. Also young males aged 12-19 are twice more likely to be potential workers than young females. It is different from unemployed. In our survey, females aged 20-29 are most likely to be unemployed. Females were more likely to face long term unemployment during transition (Hardy and Stenning 2002:113).

However, in terms of education, potential workers tend to be similar to unemployed (Table 10 in Appendix C). In general, people in Mongolia are well educated⁹ compared with other developing countries. Potential

workers are more likely to have higher education, and technical and special vocational education than unemployed. High educated unemployed and potential workers are found in UB and AC but there is no high educated unemployed in SC.

Figure 4.4
Age and sex structure of employed, unemployed, non-workers and potential workers



Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

A quarter of female unemployed and potential workers in UB have high education. These females are likely to be aged 20-29 (Fig. 4.4). In

other words, 'high educated young females' are more likely to constitute potential workers in UB and AC but not in SC. High educated young female potential workers are likely to have emerged due to increase in reverse gender gap in education (Sec. 4.4) as well as mismatch between qualifications and available jobs in the open market system in Mongolia (Sec. 4.9).

On the other hand, in line with the increase in the reverse gender gap in education, we found 'non-educated young males' among unemployed in AC and SC, and among potential workers in AC but not in UB. This unemployment of 'non-educated young males in SC and AC' is likely to be associated with male bias in livestock rearing in the open market system in Mongolia (see also Sec. 2.5.3, Ch.2).

Some of non-educated male livestock breeders migrate to AC and SC, when they face entitlement failures in livestock rearing in rural areas, and in the place of destination, they also face 'no job' opportunities and eventually, join a pool of potential workers. Thus the emergence of 'high educated females in UB' and 'non-educated males in SC and AC', as potential workers, is likely to be the two sides of one phenomenon, male bias in livestock rearing (see also Sec. 4.4).

In UB, apart from high educated young females, males and females with technical and special vocational education are equally likely to constitute unemployed, roughly one fifth. In all three locations, people with secondary education (grades 8-10) which include 'school leavers' are likely to constitute potential workers. In other words, school leavers join the pool of potential workers instead of entering into a job. Therefore, we can argue that potential workers exist, as a new category, in the open market system in Mongolia.

In short, the number of potential workers is similar to number of unemployed, and males, especially males in prime ages, are more likely to constitute potential workers. Due to male bias in livestock rearing, 'non-educated young males' are more likely to constitute potential workers in SC and AC, and 'high educated young females' are more numerous in UB. Also in all three locations, people with secondary education, majority of whom are school leavers, are likely to constitute potential workers, and therefore, we argue that potential workers exist, as a category, in the open market system in Mongolia.

4.8 Major types of potential workers

We found, based on 'reasons for not working', three types of potential workers: discouraged workers (DWs), discriminated workers and failed workers (Table 4.6). (See Sec. 4.6.1 for definition of potential workers. 'Reasons for not working' brought out more diverse reasons for being potential workers than 'reasons for stopping jobs' given in Sec. 4.6.2.).

Table 4.6
Major types of not economically active people and potential workers based on reasons for not working

NOT ECONOMICALLY ACTIVE POPULATION - N	1 024
NON-WORKERS - N	881
%	100.0
Studying	62.1
Retired	25.5
Poor health	3.5
Home workers	4.9
Reproductive duties	3.4
Home care takers	0.6
POTENTIAL WORKERS - N	143
%	100.0
Discouraged workers - no permanent job	48.3
Discouraged workers - low income	18.9
Discouraged workers - no specific jobs	9.8
No job of qualifications and/or interest	6.3
No part time and/or seasonal job	1.4
No job for handicapped people	2.1
Discouraged informal workers	9.8
Poor (or no) financial resources	1.4
Poor education	2.8
Poor health	5.6
Discriminated workers	6.3
By employers	3.5
Age and sex	2.1
No social network	0.7
Outwith	0.7
By status (illegal status)	2.8
Failed workers	7.0
Temporary or seasonal job	2.1
Difficulties	0.7
Poor health	4.2

Source: PS "Migration and F.Inf.Employment", 2003, Mongolia

Among potential workers, DWs due to ‘no permanent job’ was the major type of potential workers (48.3%), and in all locations (Table 11 in Appendix C for three locations.)

DWs due to ‘low income’ (18.9%) is the next important type of potential workers, in UB and AC, but not in SC. Especially, in UB, potential workers are more likely to be discouraged due to ‘low income’ rather than due to ‘no permanent job’. In UB and AC, males in prime ages (aged 30-49), and in UB young females are most likely to be discouraged workers due to ‘low income’.

On the other hand, the share of DWs due to ‘no specific jobs’ (9.8%) and discouraged informal workers (9.8%) are small. Potential workers in UB are more likely to be DWs due to ‘no specific jobs’ than those in AC and SC.

The share of discriminated workers (6.3%) is small. Discriminated workers are more likely to be discriminated against by employers, especially by age and sex, than by status. Discriminated workers mainly found in UB. They are discriminated against by age and sex, appearance and illegal status. In UB, females aged 30+ are more likely to be discriminated against by age and sex while young males by illegal status. In SC, people are likely to be discriminated against by lack of a social network.

The share of failed workers (7.0%), the short term category, is small. Failed workers are most likely to stop their jobs due to poor health, especially in UB and AC. Also only 2.1% of potential workers failed to work because the job was temporary or seasonal, especially males in prime ages in UB.

Thus, in contrast to other findings (see for e.g. NSO and ADB 2004), seasonal job is less likely to explain fluctuation in employment. Also in our survey, we found few persons (78) who were not currently employed while they have been employed sometime in the past 12 months (see Table 3 and 4 in Appendix C).

In short, we found two major types of potential workers: DWs due to ‘no permanent job’ and DWs due to ‘low income’ in the open market system in Mongolia. UB has all types of potential workers, and the major type of potential workers is DWs due to ‘low income’. On the other hand, in smaller places (AC and SC), the major type of potential workers is DWs due to ‘no job’ opportunities, mainly in formal sector.

Table 4.7
*Persons who had first job, by age group, qualifications
and first job occupation*

Qualifications and Occupation	12-29		30-49		50+	
	Qual.	Occ.	Qual.	Occ.	Qual.	Occ.
Total - N	368	368	733	733	342	342
%	100.0	100.0	100.0	100.0	100.0	100.0
Directors, managers & governors	1.9	1.9	0.3	2.2	0.6	0.9
Professionals	7.6	6.5	11.9	11.2	11.1	8.5
Engineers	1.9	1.1	5.0	3.8	5.0	3.8
Technologists	1.4	0.8	2.6	1.5	0.6	0.3
Economists, acc-ts & bankers	3.5	0.5	3.5	1.9	1.2	0.9
Medical doctors	1.4	1.4	2.0	1.8	2.6	2.0
Teaching professionals	6.5	6.3	7.8	7.6	9.1	8.5
Translators	2.4	1.1	0.7	0.1	-	-
Technicians and mechanics	2.7	2.7	9.7	7.2	7.0	7.0
Associate professionals	1.9	3.5	5.0	6.5	4.4	5.8
Clerks	1.6	4.1	1.8	4.5	1.2	6.1
Service workers	3.5	9.8	1.5	4.8	2.3	4.4
Skilled agricultural workers	-	10.6	0.3	6.8	0.3	19.0
Industrial workers	5.2	14.1	5.3	8.9	4.1	8.2
Construction workers	1.6	4.3	8.3	9.3	4.4	5.8
Telecommunication workers	-	-	0.1	0.1	0.6	0.9
Sales workers	0.8	3.3	2.0	2.9	1.8	3.8
Drivers	8.2	7.3	8.2	8.2	7.3	8.2
Operators	0.5	0.3	1.2	1.6	0.3	0.6
Elementary professions	-	8.7	0.1	4.5	0.3	5.3
Collectors	-	0.5	-	0.1	-	-
Retailers and traders	-	11.1	-	4.4	-	-
No profession	47.3	-	22.5	-	36.0	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

4.9 Loss of qualifications as a consequence of not working

Labour mobility during transition, especially movement to informal sector and potential workers, tended to be associated with loss of qualifications as effective human capital. Under the mismatch between old and new jobs, loss of qualifications did occur in transition countries. In Hungary, an accountant in old system became a nurse in the new system (Tómar 2002:147). Our meso level study revealed that loss of qualifications did occur in agricultural sector during transition in Mongolia (see Sec. 2.5.7, Ch.2). Veterinarians during socialism became livestock breeders in the open market system. Also labourers who were working in light industries did experience loss of qualifications. During field work, I met

with a woman who was working as a governor of the bagh (the lowest administrative level in Mongolia) in 2003 and who was working as a technologist (trained in Hungary) in skin coat factory during socialism.

In our survey, we studied the loss of qualifications looking at qualifications and first job occupation of persons who had first job, by age group. We found that the loss of qualifications did occur not only due to mismatch between old and new jobs during transition but also due to mismatch between qualifications of persons and available jobs in all three periods (Table 4.7).

During socialism, people were more likely to be trained as doctors and teachers to meet the social development goal, the universal coverage of health care and education. People aged 30+ are more likely to be trained as medical doctors and teaching professionals compared with those aged 12-29. Also during socialism, people were more likely to be trained as engineers and technologists to meet the economic development goal (or light-industrialisation) in Mongolia. People aged 30+ are much more likely to be trained as engineers and technologists compared with those aged 12-29. In other words, doctors, teachers, engineers and technologists were popular qualifications during socialism in Mongolia.

On the other hand, the most popular qualifications in the open market system are managers, translators, accountants and lawyers. People aged 12-29 are more likely to be trained as managers and translators than those aged 30-49. People aged 12-29 and 30-49 are equally likely to be trained as economists. However, majority of economists among people aged 12-29 are actually accountants.

During transition, not only technologists and technicians and mechanics (the old qualifications) but also accountants, translators and lawyers (the new qualifications) faced loss of qualifications. Economists and translators (aged 12-29) failed to enter into a job relevant to their qualifications.

Apart from new qualifications, new occupations, namely, retailers and traders, and collectors, which do not fit into the international standard classifications, emerged during transition in Mongolia. Retailers and traders jobs grew during transition (see Sec. 5.8, Ch.5 for retailers and traders). Less than five percent of people aged 30-49 entered into labour as retailers and traders. It increased to account for about 10 percent of

young people aged 12-29, in the open market system. On the other hand, none of persons aged 50+ entered into work as retailers and traders.

Moreover, there was no occupation of (informal) collectors during socialism in Mongolia. None of people aged 50+ entered into work as collectors. Collectors earn selling different things which are collected from common space. They differ in terms of what they collect. There are two major types of collectors, collectors from rubbish (can, bottle and plastic bag) and collectors from nature (wild fruits, nuts, animal waste and grass). Collectors from rubbish can be seen as an underclass occupation. Underclass was born, as a category, in the open market system. Young people aged 12-29 entered into labour as (informal rubbish) collectors.

In short, the loss of qualifications as effective human capital did occur during transition due to mismatch between old and new jobs while in the open market system due to mismatch between popular qualifications (managers, translators, accountants and lawyers) and new occupations (retailers and traders, and collectors) in Mongolia.

4.10 New skills

During transition, under the mismatch between old and new jobs as well as mismatch between popular qualifications and available jobs, people were faced with challenges to transform their human capital to find a job. People were in need to learn new skills during transition to enter into foreign invested companies (Hardy and Stenning 2002:13). In order to find a survival after entitlement failures, and to prevent from next entitlement failures, people were improving their livelihood resources, learning several new skills, during transition in Mongolia:

I was a nurse in SC, but my husband became jobless after collapse of *ngedel*. We came to UB in 1992, when it became easy to move. It is difficult to find a job in UB. I learned cooking skill, and I was working as a cook for sometime. Then I was working as a conductor for my husband when he was doing long distance transport between UB and our SC. Later I learned construction skill working with my friend and now I do house repair with her. But it is seasonal. I was doing many things since transition. We have to work hard to educate our four children. (41 years old migrant woman in UB in 2003)

However, we found that obtaining and using a new skill was not a common phenomenon. Only about one fifth of currently employed persons obtained new skills for the current job (Table 4.8). (In order to find out how people transformed themselves during transition, we asked an open ended question on new skills – ‘Did you obtain new skills to get your job?’, for current and previous jobs.)

Table 4.8
New skills for current job by job change status

Skills	Total	No change	One change	Two or more changes
Total - Current job - N	914	334	436	144
% of current job with new skills	18.6	18.0	20.0	16.0
New skills -N	170	60	87	23
%	100.0	100.0	100.0	100.0
Short term courses	76.5	88.3	73.6	56.5
Service workers	8.2	6.7	9.2	8.7
Industrial workers	2.9	3.3	3.4	-
Construction workers	2.9	1.7	4.6	-
Operators and drivers	18.2	16.7	20.7	13.0
Computer skill	13.5	21.7	6.9	17.4
Assistant professionals	1.2	3.3	-	-
Technical workers	1.8	1.7	2.3	-
English language	8.2	11.7	6.9	4.3
Professional training	19.4	21.7	19.5	13.0
Other than short term courses	23.5	11.7	26.4	43.5
Informal training	5.3	3.3	5.7	8.7
Self-learning production skills	11.2	6.7	10.3	26.1
Self-learning working skills	2.4	1.7	2.3	4.3
High education	4.7	-	8.0	4.3

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

People mainly obtain a new skill via short term courses. Short term courses, in terms of resourcing, were private, and in terms of content, specific, rather than general. Short term courses emerged after collapse of state technical vocational training as well as due to newly emerged demand to work in increasing service sector. Also people get new skills via informal training. The major ways were to work together and to in-

herit. Some people stated that they capitalized inherited skills. In our survey, a lady dropped teaching and started to make Mongolian boots using the skills which inherited from her mother. Also people learn new skills by themselves, production and working skills. People are more likely to learn production skills by themselves (11.2%): sewing, cooking, bakery and construction. People learn other skills, like marketing, budgeting, communication, patience to work for long hours, working experience and foreign language as they work.

People learn new skills not only to move to different job but also to remain in the same job. We found two types of people who learned new skills: 1) less mobile persons who learned computer skills, professional training and English language, and 2) more mobile persons who learned service, production, operators', drivers' and other skills, formally and informally. Also people who made many changes in their jobs are more likely to learn new skills via informal training and by themselves rather than via short term courses.

Also in our survey, few people stated secondary skills for getting current job, and we found that people who learned computer skill, as a first skill, also learned English language, as a second skill. Also people who learned English language, as a first skill, also attended in professional training, as a second skill. In other words, most important skills, computer skill, English language and professional training, were going together. Moreover, emergence of English language course, as a major skill, reflects change in second language in Mongolia 'from Russian to English' during transition, and under the open market system.

Furthermore, people who were working in different sectors were learning different skills (Table 12 in Appendix C). Agricultural workers are likely to become industrial and construction workers, and operators and drivers, via short term courses. Also they are more likely to learn production skills by themselves.

People who entered into manufacturing and construction are likely to learn more diverse and advanced skills than those in agriculture. People entered into manufacturing learned diverse skills – computer skill, English language and attended in the course of technical workers, professional training, construction workers, and operators and drivers. People entered into construction are more likely to learn production skills by themselves and to study in the course of operators and drivers.

People who were already in the public sector (public administration, education and health) learnt new skills to stay in the same sector as well as to move to production, trade and service sectors. People in the public sector (public administration, education and health), apart from improving their profession, learned English language and computer skills. Also, people in the public sector learned new skills informally and learned production skills by themselves to leave the public sector.

In short, people learn new skills not only to move to different job but also to remain in the same job since transition in Mongolia. We found two types of people who learned new skills: 1) less mobile persons who learned computer skills, professional training and English language, and 2) more mobile persons who learned service, production, operators', drivers' and other skills, formally and informally. People in agriculture, manufacturing and construction sectors are more likely to learn new skills to find a new job while people in public sectors to remain in their jobs. Thus many people made efforts to modify their human capital in the open market system. But there are some people who failed to modify themselves in the new system and landed in human misery.

4.11 Emergence of human misery

According to our analytical framework (Sec. 4.2), *lock-in* in path dependence occurs with the emergence of potential workers, people who are on a path of great insecurity and lower well-being. In this section, we aimed at studying movement of potential workers, via analysing first and second reasons for stopping jobs¹⁰ (see Table 13 in Appendix C). The data suggests discouraged and discriminated workers become less economically active, less likely to involve in migration, and tend to remain in the place of origin, and generate a class of potential workers in Mongolia. (See also Fig. 4.1.)

The existence of potential workers, as a class, brings up issues of the nature of human rights and human misery. People move to human misery due to amortization of human capital which results from having 'no job' for a long period. Human capital, as any other capital, can become outdated and break down (or be lost), if it is not appropriately practiced and maintained (Sec 3.4.2, Ch.3). (See Box 4.1 for cases of amortization and maintenance of human capital.)

Box 4.1

Two women are talking about a man who is standing near by one shop in UB with other people like him in the sense of appearing socially dysfunctional

- Let us go fast. Do not look. He is my classmate from secondary school. I am afraid if he will recognize me.
- Are you sure? Is he your classmate? You studied in specialized school on math.
- Yes, his name is X. He was number one in our class on math. He finished university in math and was working as a math teacher for some time. He dropped it, and was doing some business. But I do not know much. Our classmates tried to help him. The one who runs private school on math recruited him. And gave up. Now he became like this. His friend Y, who finished the same university and was not better than him, now in Canada. Migrated because of his profession.
- He looks old? Yes. But he was also very handsome and only child in the family. Girls of our school were after him. Now everybody runs away? Life is strange. (The listener is the author.)

The danger is that if human capital becomes outdated or lost then one can not use it even if job is available. Today, one can see persons in human misery, in Mongolia, especially in UB, while there was no one before 1990s (from author's living experience). I often see that a person, who collects waste, is sitting nearby waste and busy reading a newspaper, picking it up from the waste. It is a human misery of educated person. On TV, one person who collects waste was complaining that 'people often call us as 'human-waste' or 'human rubbish' (in Mongolian language *hun-bog*), and I saw it in a newspaper, but I was a 'long distance driver' during socialism'.

Box 4.2

People who collect rubbish claim that it is nice to be free

In July 2010, the Government of Mongolia distributed 70 thousand tugrics to every citizen, from income generated from the mining sector. Every citizen of Mongolia is entitled to this amount of money, and in order to get this money from the bank, a citizen must have own documents. People who collect rubbish and live in streets often do not have own documents. The local government approached them to apply for documents in order to get the money. People who collect rubbish and live in streets stated that they would like to have money, but they are not going to apply for documents. They stated that if they will apply for documents then they are likely to be housed and send to special place for health treatment. For example, to treatment from alcohol. They stated that they avoid to be housed and want to be free in the street. (From TV news in July 2010.)

Although people in human misery tend to feel useless, not all of them regard themselves as psychologically depressed (Box 4.2).

Psychology of people in human misery is likely to be complex, and government assistance has implications on their freedom. Also our research, defined human misery in terms of loss of human capital (Sec. 3.4.2, Ch.3), and we did not study psychology of people in human misery.

Also the data suggests that people do not leave their jobs solely in order to migrate. Migration did not appear as a first reason for stopping previous jobs, for people who made three or more changes. On the other hand, migration appears as a second reason for stopping previous jobs. Roughly half of potential workers involved in migration. Especially, failed workers due to 'loss' are most likely to migrate. Apart from UB, failed workers moved to different places, rural areas, urban areas, aimag center and different soum, after stopping previous jobs. It suggests that failed workers moved to UB after searching for livelihood opportunities in local places.

In short, potential workers who faced more than one entitlement failure tend to remain in the class of potential workers, and land in human misery in the open market system in Mongolia. However, psychology of people in human misery is complex, and it needs further study. Roughly half of movement to potential workers is associated with migration. Especially, failed workers who faced 'loss' due to natural disaster were most likely to engage in migration.

4.12 Conclusion

Labour mobility during transition away from socialism is associated with number of changes, like emergence of unemployed and informal sector, and loss of qualifications, and people finding livelihood survival mainly in trade and service sectors (see for e.g. Rainnie et al. 2002). This chapter studied labour movement since transition to the open market system in Mongolia, and tells history of collapse of lifetime security and emergence of human misery for a significant category of people, who would not appear in most official statistics (Fig. 4.1).

The chapter aimed not only to demonstrate labour mobility since transition to the open market system in Mongolia but also to understand the process of change in the labour market, and to bring out associated

qualitative changes. In order to do this, we developed analytical framework based on 'path dependence' theory, and used 'Job change-method' (Sec 1.8.3, Ch.1). In the open market system, labour started to move in an 'open but insecure labour market' which evolved in Mongolia, after disappearance of labour allocation during socialism.

We found that there is a shift 'from lifetime security to continuing insecurity' during transition in Mongolia. People aged 50+ are most likely to have 'lifetime security' as they spent their prime ages in socialism. Especially, females aged 50+ enjoyed lifetime security as majority of them retired from first jobs. During transition, males aged 30-39 are most likely to face vulnerability and insecurity, as they are most likely to move in the labour market and more likely to remain with no job afterwards. On the other hand, males aged 40-49 are least likely to face vulnerability and insecurity during transition. These suggest work experience and gender discrimination matter for the *triggering event*, for individuals in a mass entitlement failure. Females are less likely to change their jobs, but those who changed their jobs are more likely to make many changes and to be insecure. It is because females are considerably less likely than males to become self-employed during transition (CEC 1992:147).

We found inverse association between labour movement and education. Non-educated persons not only newly emerged but also were most mobile and insecure since transition in Mongolia, and males dominate among them. On the other hand, young females dominate among studying persons in urban areas. Thus there was a change 'from gender equality driven to an economic structure driven reverse gender gap in education' during transition, and this reverse gender gap in education increased in the open market system in Mongolia upto 2003. Furthermore, persons with technical vocational education, both males and females, were more likely to change their jobs and have no job afterwards. Females with special vocational, and high and above education are less likely to change their jobs. But females those who changed their jobs are more likely to face insecurity afterwards, especially, non-educated (young) females (though they are few) are most insecure in the labour market since transition. This suggests that education matters for females to have securer livelihoods in the free and insecure labour market. On the other hand, males are more likely to have job after job change, and especially males with high and above education are both mobile and most secure.

We found that labour moved towards retail trade, and movement to retail trade was stepwise. Initially, upon mass entitlement failures, people moved within the same sector, mainly from state to private sector, and then when they faced with entitlement failures in private sector moved to retail trade. Retail trade not only received failed workers from other sectors but also it was associated with less change during transition. In other words, retail trade was the dynamic since transition to the open market system in Mongolia. Also, in terms of employment status, there was a shift from one type (formal labourers) to diverse types of employment status, plus the informal sector emerged in Mongolia (Fig. 4.3), and Ch.5 studies this informal sector.

Critically this research explored how and why unemployed and potential workers emerged upon mass entitlement failures, and four categories of workers status, namely employed, unemployed, potential workers and non-workers, are present in the open market system in Mongolia (see Sec. 1.8.1, Ch.1 for method of recording current economic activity and reasons for not working).

Our analysis of reasons for stopping jobs suggest that the major reasons for mass entitlement failures, and emergence of unemployed and potential workers, are establishment change, especially 'establishment dissolved'. The major reason for mass entitlement failures in agriculture and construction sectors is 'establishment dissolved' while in manufacturing 'establishment privatised'. Unemployed and potential workers also emerged from public sectors (public administration, education and health). Low income is one of the major reasons for stopping jobs (or entitlement failures) in the open market system in Mongolia. People who were working in public administration are least likely to be discouraged due to low income while those in education are most likely. In general, public administration is the most secure sector since transition to the open market system, with less movement to potential workers, despite downward pressure on real incomes.

We found the proportion of potential workers in our sample, and found that it is similar to the proportion of unemployed. The proportion of potential workers is highest in AC. Males, especially males in prime ages, are more likely to be potential workers than females. 'Non-educated males' in SC and AC, 'high educated females' in UB, males and females with technical and special vocational education in UB and AC, males and females with secondary education in all locations are likely to

constitute potential workers, and face 'no job' opportunities in the open market system in Mongolia.

Also there are two major types of potential workers: discouraged workers due to 'no permanent job' and discouraged workers due to 'low income'. UB has all types of potential workers, and the major type of potential workers is discouraged workers due to 'low income'. On the other hand, in smaller places (AC and SC), the major type of potential workers is discouraged workers due to 'no permanent job', mainly in formal sector. Moreover, we found that potential workers seek for a job passively, mainly telling others they would like to have a job.

Also a loss of qualifications as effective human capital occurred since transition to the open market system in Mongolia, not only due to mismatch between old and new jobs but also due to mismatch between popular qualifications and new occupations. Under the mismatch, people learned new skills not only to find survival after entitlement failures but also to remain in the same job or to prevent further entitlement failures. People learned three major skills: computer skills, English language and professional training. Moreover, there was a shift in second language in Mongolia 'from Russian to English'. However, skills differ by industry. People who entered into labour as agricultural workers are more likely to obtain industrial and construction skills.

The emergence of a class of potential workers implies a tendency to emergence of long term human misery in the open market system in Mongolia. It is because, according to working mechanisms of human capital system, potential workers, who have 'no job', are people who failed to put their human capabilities into operation, who faced human capital amortization, and who are less likely to work even if job will be available, get employed again, and therefore, are likely to move to human misery. First and secondary reasons for stopping jobs allowed us to illustrate labour movement of potential workers. Discouraged and discriminated workers become less economically active, and less likely to involve in migration, and tend to remain in the place of origin, and generate a class of localised potential workers with increasing socio-psychological insecurity and loss of well-being.

On the other hand, roughly half of movement potential workers were still associated with migration. Migration is one of the adapted expectations of potential workers. In terms of sustainable livelihoods, migration serves as a response for potential workers. Among potential workers,

failed workers who faced 'loss' due to natural disaster were most likely to be engaged in migration. Migration since transition to the open market system is studied in Ch.6.

Finally, our analysis of labour movement since transition to the open market system suggests that the destination point, the open market system in Mongolia, is likely to be characterised by retail trade as a major sector, potential workers as a class, and emergence of informal sector. Next chapter studies informal sector, or informal workers by occupation, industry and qualifications; and maps economic differential rewards which exist in the open market system in Mongolia (limited to our survey).

Notes

¹ The path dependence models in the labour market economics often deal with mathematical formulas, mainly with a Markov process (see for e.g. Bosch and Maloney 2005). But we are not using Markov model.

² We found that (out of 914 persons who have current job) 38 persons have second job, and (out of 1,174 persons who do not have current job) 78 persons had a job in the past 12 months before the survey.

³ The reverse gender gap in education was born in Mongolia during socialism, during 1960s, after about 40 years of launching universal education. The crossover of the shift to reverse gender gap in high education did occur for the age group 40-44 in 2000 (NSO and UNFPA 2001a:73). It can be regarded as gender equality driven reverse gender gap as gender equality was ensured in Mongolia during socialism under commitment to at least 8 years of schooling for everybody.

⁴ In the micro survey conducted by MSWL, PIRC and UNFPA (2001), migrants were defined as persons who moved into the current place of residence in the past five years before the survey.

⁵ In our survey, more than 2/3 (69.5%=48/69*100) of DWs due to 'no permanent job', and more than 1/2 (52%=14/27*100) of DWs due to 'low income' have more than one reason for not working.

⁶ Economic activity was relatively low in Mongolia in 2000 compared with other developing countries. According to 2000 population census, Mongolia has three distinctive features with regard to economic activity compared with other developing countries: 1) lower than expected economic activity in the prime productive ages, 2) sudden decline in economic activity after age 50 and 40, among males and females, respectively and 3) economic activity is low in urban areas and

high in rural areas (NSO and UNFPA 2001b:15). Moreover, economic activity is decreased sharply since transition.

⁷ It is in line with 2000 census estimation (NSO and UNFPA 2001b:15). It is close to urban LFPR (53.8%) and lower than that for Mongolia (LFPR=61.9%). It is because our survey did not include rural areas where economic activity is high (LFPR = 73.6%).

⁸ It is lower compared with 2000 census estimation (UR=24.4% in urban areas) (ibid). The lower UR in our survey is due to increase in employment rate, due to coverage of informal jobs. But it is close to 2003 Labour force survey estimation (NSO and ADB 2004:60).

⁹ It is in line with 2000 census findings. According to 2000 census, out of population aged 10+ of Mongolia, 7.6% have high and above, 11.2% technical and special vocational, 46.1% grades 4-10, 23.5% primary and 11.6% non-education (NSO and UNFPA 2001a:72). In urban areas, out of population aged 10+, 11.7% have high and above, 62.4% technical and special vocational, and secondary (grades 4-10), 17.5% primary and 8.4% non-education (ibid:71).

¹⁰ In our survey, more than 1/3 of persons who stopped their first (395 persons out of 1,109 persons) and previous (366 persons out of 1,110 persons) jobs stated two reasons for stopping jobs.

5

The Significance Of Informal Workers and Retailing in the Open Market System in Mongolia

5.1 Introduction

Our study of labour movement since transition to the open market system (Ch.4) did present that labour market evolved, and potential workers and informal workers emerged in Mongolia, and also there was a step-wise movement of labour into informal retail trade. This chapter devotes to study informal sector in the open market system in Mongolia, and its emergence, size, existence, income and effect on responses to entitlement failures.

More importantly, this chapter supports our major aim of the research, by mapping economic differential rewards in the open market system in Mongolia (limited to our survey), at the time of our survey, in July 2003, in Sec. 5.9 and 5.10. In the conceptual framework (Sec. 3.5.4, Ch.3), we argued that an economic motive for migration, the signal of greater rewards after migration, is given in terms of greater value added in informal sector in places with large and diverse demand, in the open market system, as there is absence of economic motives for migration between two sectors of economy, say between agriculture and industry, as in the Lewis model. In other words, this chapter aims at presenting that there is a signal in the open market system in the case of Mongolia, for people to respond, towards informal sector, especially to informal retail trade, despite low wages (see Sec. 3.3.3, Ch.3 for low wages).

Informal workers, informal jobs and informal sector have been studied extensively since the pioneering work of Hart (1973). But most of the early studies on informal sector are conducted by researching specifics of informal jobs or (sub-) sectors (see for e.g. Hart (1973), Breman (1996) and Mazundar (1976)). In other words, informal sector is studied sepa-

rately from formal sector. In Mongolia, studies of the informal sector is limited to visits to selected informal enterprises, like to kiosks (TUTS), taxicabs and shoe repair shops in UB. However, it is important to understand people who engage in informal jobs studying them with livelihood approach (Fig. 3.2, Ch.3), starting from entitlement failures and development of informal sector. (See Fig. 2 in Appendix B for an example of application of livelihood framework to an informal job.)

Moreover, international standard censuses and surveys do not allow us to study informal employment in full extent because informal workers who can not be fit into the given few categories of employment status are defined under category 'other'. Therefore, census and survey data give an approximate size of informal employment. In order to fill this gap, to understand informal activities in-depth and to map up economic motives in the open market system, we studied current economic activity defining employment status for each employed person, and therefore, for each informal worker in our survey (see Sec. 1.8.1 and 1.8.2, Ch.1; and Fig. 4.3, Ch.4). In other words, we did identify diverse livelihoods of people who make some of their living engaging in informal sector (qualitative research) into statistical data collection (quantitative research), and defined the size of informal sector based on both enterprise and labour approaches (Sec. 5.3). In order to do this, we developed a conceptual framework for informal sector and informal employment, in the form of a matrix, based on ILO guidelines (Sec. 5.2). Also 'Classification of status in employment for Mongolia (CSEM), 2003', based on International Classification of Status in Employment (ICSI-93), and "Classification of production units for Mongolia (CPU), 2003", based on discussion of informal enterprises, as well as based on findings in our primary survey, are developed, and these are given in Appendix D.

This chapter presents diverse types of informal workers emerged in Mongolia, when about half of employees moved to informal employment upon transition (Sec. 5.4). Informal workers not only emerged but they exist as a part of labour market in the open market system in Mongolia as young males are most likely to enter into job as informal labourers (Sec. 5.5). In other words, emergence and existence of informal sector in Mongolia is not merely transitional phenomenon. But informal sector exists as a part of the economic system in the open market system in Mongolia because majority of industry (Sec. 5.6) and occupation (Sec. 5.7) are accomplished by a mix of informal and formal workers. Among

industries, retail trade and agriculture, the major two industries of the open market system, are largely informal. Moreover, retail trade appeared as a major industry in urban areas (in the three research locations), and there are retailers and traders, persons who engage in retail trade in Mongolia and who do not fit into the international standard classification (Sec. 5.8). Further, this chapter presents that informal employment, including in retail trade, is insecure and vulnerable as it is associated with on-going entitlement failures (Sec. 5.11).

In short, this chapter argues that although informal sector, especially informal retail trade, provides job opportunities or livelihoods in urban areas in the open market system in Mongolia (as there are signals pointing towards it), and informal sector exists as a part of economic system, it is associated with insecurity and vulnerability, and it is unlikely to provide more and more job opportunities because the size of informal sector or informal employment is unlikely to grow larger than the current size.

5.2 Conceptual framework: Informal sector and informal employment

The concept of an informal sector was inspired by Hart (1973). Since then informal sector in developing countries has been studied extensively (e.g. by Breman and Das 2000). However, it has been difficult to define informal sector, and there are many criteria (or characteristics) to define informal sector, like ease of entry; use of indigenous resources; family ownership; small scale of operation; the use of labour intensive, local and adapted technology; skills acquired outside of the formal education system; and unregulated competitive markets. In terms of legislation, unregistered enterprises and unlicensed traders can be said to constitute the informal sector. Furthermore, it is difficult to use these multiple characteristics to define informal sector in the empirical research. Among others, workers characteristics and establishment size (with less than 10 persons) are commonly used to define informal sector in empirical research (Malik 1996). Also International Labour Organization (ILO) recommends to distinguish between informal sector and informal employment. In our research, we developed a conceptual framework based on the ILO guidelines (ILO 2003), and we used both enterprise and labour approaches to study informal sector in Mongolia.

Table 5.1
Conceptual framework: Informal sector and informal employment

Production units by type	Jobs by status in employment									
	Formal labourers			Informal Labourers				Informal business workers		
	Employees	Employers	Cooperative members	Rotating workers	Visiting workers	Paid workers	Casual workers	Individual business workers	Household business workers	Unpaid workers
Markets										
Open market	1	1	1	5	5	5	5	5	5	5
Housed market	1	1	1	5	5	5	5	5	5	5
Small places										
Kiosk (TUTS)	X	X	X	3	3	3	3	3	3	3
Container (train)	X	X	X	3	3	3	3	3	3	3
Street	X	X	X	3	3	3	3	3	3	3
Visit	X	X	X	3	3	3	3	3	3	3
Household /home										
Own household /home	X	X	X	4	4	4	4	4	4	4
Non-stranger's household /home	X	X	X	4	4	4	4	4	4	4
Stranger's household /home	X	X	X	4	4	4	4	4	4	4
Small companies										
Own small private company	2	2	2	3	3	3	3	3	3	3
Non-stranger's small private company	2	2	2	3	3	3	3	3	3	3
Stranger's small private company	2	2	2	3	3	3	3	3	3	3
Large places										
State organization / company	1	1	X	6	6	6	6	6	X	X
Private/ shareholding company	1	1	X	6	6	6	6	6	X	X
Foreign invested company	1	1	X	6	6	6	6	6	X	X
Cooperatives	1	1	1	6	6	6	6	6	X	X
NGO's	1	1	X	6	6	6	6	6	X	X
International organization	1	1	X	6	6	6	6	6	X	X
Membership organization	1	1	X	6	6	6	6	6	X	X
Sport organization	1	1	X	6	6	6	6	6	X	X

Note: x - refers to jobs, which by definition, do not exist in the type of production unit in question, 1- Formal employment in the formal sector (formal labourers in formal enterprises), 2 - Formal employment in the informal sector (formal employment in informal enterprises)-

cells with number, 3- Informal employment in the informal sector (informal labourers in informal enterprises), 4- Informal employment in households (which produce goods for their own final use as well as for sale), 5- Informal employment in the market - cells with number, 6- Informal employment in the formal sector (informal employment in formal enterprises)

Source: Author's construction

According to ILO guidelines, the concept of informal sector refers to production units as observation units (enterprise approach) while concept of informal employment refers to jobs as observation units (labour approach).

In our survey, we used international standard questionnaires recommended by ILO for labour force survey. However, people who work in informal sector have not been fully identified in the data collection of international standard censuses and surveys, and majority of them is categorised under 'other' in the employment status.

In order to capture informal employment (based on labour approach) in full extent, we asked interviewers to ask detailed questions about people's job and economic activity for survival (like what do they do for survival, how they are related with other people in the work, and how do they work), and to print the detailed responses in the question on employment status. The responses printed in the open ended questions are analysed by the author, and based on it, and also using the International Classification of Status in Employment (ICSE-93) as a conceptual framework, we developed the "Classification of status in employment for Mongolia (CSEM-2003" and it is given in Appendix D. In our survey, no one is categorized under 'other' in employment status, and informal workers are fully covered. According to our classification of status in employment, employed persons are categorised into three types of labour – formal labourers, informal labourers and informal business workers (Table 5.1). (See also Sec. 1.8.2, Ch.1 for methods of full coverage of informal sector (in more detail) and Fig. 4.3, Ch.4 for labour type.) Further, informal business workers are divided as individual business workers, household business workers and unpaid workers. In other words, the self-employed is divided as individual business workers and household business workers. Formal labourers include employees, employers and cooperative members while informal labourers include rotating, visiting, paid (see also Papanek 1975) and casual workers.

In our survey, to study informal sector (based on enterprise approach), open ended question on production unit or work place was designed. If an interviewer finds difficulties to define the production unit or work place, and also if a respondent says that there is no production unit or work place then it was instructed to ask where and how the respondent accomplishes his/her economic activity, and print the detailed answers in the given space in the questionnaire. The detailed answers were analysed by the author, and we obtained a long list of production units (see Table 5.1), and based on it, we developed “Classification of production units for Mongolia (CPUM-2003)” and it is given in Appendix D.

Using both enterprise and labour approaches, we distinguish between:

- Formal employment in the formal sector (formal labourers in formal enterprises) – cells with number – 1,
- Formal employment in the informal sector (formal employment in informal enterprises)- cells with number – 2,
- Informal employment in the informal sector (informal labourers in informal enterprises) – cells with number – 3,
- Informal employment in households (which produce goods for their own final use as well as for sale) – cells with number – 4,
- Informal employment in the market – cells with number – 5,
- Informal employment in the formal sector (informal employment in formal enterprises) – cells with number -6.

Based on these categories, we are able to define the size of the informal sector in different ways, but the analysis of informal sector in our research is conducted based on the informal jobs or on labour approach. Informal employment in formal sector was small as only 2.8% of informal workers work for large places (Table. 5.3).

5.3 Emergence of informal sector, and movement within and out of informal sector

In former socialist countries, with transition away from socialism, apart from wage employment, employment in informal economy and subsistence production became important (Tinker 1990).

Subsistence production was part of economy in East and Central European (ECE) countries and in Former Soviet Union (FSU) during socialism. People work at household production while they work in state jobs (see for e.g. Momsen 2002). The traditional subsistence agricultural production in former socialist countries is not associated with poverty or it is not survival strategy rather it is a way of achieving a better-off living (Clarke *et al.* 2000). Also households sold surplus private production in food markets, even during socialism.

Unlike other socialist countries, there was no subsistence production in urban areas in Mongolia during socialism. Instead, there was a generalised wage employment in Mongolia, including livestock rearing sector (see Sec. 3.5, Ch.3). In our survey, majority (86.5%) of persons who had a first job (1,443 persons) entered into their first jobs as employees, as majority of them entered into labour during socialism. Also it was not allowed to sell surplus production of agriculture in market, and there was no food market during socialism in Mongolia (author's living experience).

During transition, after collapse of generalised wage employment, informal sector re-emerged in Mongolia, after about 70 years. (See also Fig. 4.1, Ch.4.) After privatization, people had an opportunity to engage in private business, mainly in agriculture, trade and service sectors, in Mongolia. Apart from emerging opportunities in private sector, people were forced to set up a small business because of forced early retirement and unemployment, and no job availability (Momsen 2002:164). In general, self-employment was seen as a solution to unemployment during transition across the range of transition economies. People started to engage in different economic sectors informally. Informal housing construction, repair shops and electric service were common in Hungary (Rona Tas 1997 quoted in Momsen 2002:157). Women tend to work informally in child care, retail stores and book-keeping in rural areas in Hungary. Apart from local services, people also engage in tourism informally (Momsen 2002). 'Too many, too small' entrepreneurial activities emerged in Hungary after socialism (Gabor 1997:159).

In Mongolia, in 2000, 22.1% of employed persons in urban areas was working as an own account worker and 4.1% as unpaid family worker (NSO and UNFPA 2001b:52). These suggest that informal employment accounts for about 26.2% of urban employment in Mongolia. In rural

areas, livestock breeders became household business workers and unpaid workers (see Sec. 3.5.7, Ch.3).

In our survey, around half of movement of employees is associated with change in employment status (Table 5.2). (See CSEM, 2003 in Appendix D, Table 4.1 for job change status, Fig. 4.1 for labour movement and Fig. 4.3 for labour force approach, Ch.4.)

Table 5.2
Employment status of persons who stopped their first jobs as employees

	Made one change	Made three or more changes	
	Current job	Prev.job	Current job
Total - N	387	129	129
%	100.0	100.0	100.0
FORMAL LABOURERS (FLs)	60.7	50.4	57.3
Employees (EEs)	58.4	47.3	54.2
Employers (ERs)	1.8	2.3	2.3
Cooperative members (CMs)	0.5	0.8	0.8
INFORMAL LABOURERS (ILs)	5.6	4.8	14.0
Rotating workers (RWs)	2.1	0.8	2.3
Visiting workers (VWs)	1.8	1.6	7.0
Paid workers (PWs)	1.7	1.6	4.7
Casual workers (CWs)	-	0.8	-
INFORMAL BUSINESS WORKERS (Inf.BWs)	33.7	44.9	28.7
Individual business workers (Ind.BWs)	25.4	24.8	21.7
Household business workers (HBWs)	3.9	12.4	3.9
Unpaid workers (UWs)	4.4	7.7	3.1

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

In other words, around half of persons who stopped their first jobs as employees started to work in diverse employment status (or in informal sector), for their last two jobs.

Among others, individual business was the major destination for employees, as more than half of them moved to individual business workers (Ind.BWs). The remaining became household business workers (HBWs), unpaid workers (UWs) and informal labourers (ILs).

Also there are 'on going changes in employment status' and 'return movement' to employees. The percentage of employees increased slight-

ly, from previous to current jobs for those who made three or more changes in their jobs. On the other hand, the percentage of Ind.BWs decreased, from previous to current jobs. Similarly, the percentage of HBWs declined, from previous to current jobs, about three times. These suggest that there was 'temporary movement to informal business' during transition in Mongolia.

Moreover, informal labourers (ILs), namely rotating, visiting and paid workers, increased from previous to current jobs, by almost three times. It suggests that those who failed to engage in informal business started to work as ILs. Also it reflects re-division of labour in the informal sector.

In short, informal sector emerged and individual business was the major destination during transition in Mongolia. Also there was on going changes in employment status in Mongolia since transition, like return movement to employees and re-division of labour in informal sector or movement from informal business to informal labourers.

5.4 Size of the informal sector

The size of the informal sector in Mongolia is smaller compared with other developing countries as, according to 2000 census, it accounts for about 26.2% of urban employment (NSO and UNFPA 2001b:52). According to our conceptual framework (Table 5.1), in our survey, the size of the informal sector is defined based on both enterprise and labour approaches, and in the form of a matrix in Table 5.3 (see CSEM-2003 and CPUM-2003 in Appendix D for employment status and production units, respectively). (Tables 1, 2 and 3 in Appendix E give matrices for employed persons in UB, AC and SC, respectively.)

In our survey, according to enterprise approach, formal sector accounts for 60.4% (Table 5.3). The formal sector is lowest in AC (52.8%) than in SC (64.3%) and in UB (63.4%). Also, we found more diverse production units or work places in UB and AC than in SC. Street appeared as a work place in UB only. State organizations and companies appeared as a major work places in all three locations. Open market (non-housed market) appeared as a major work place in UB and AC but not in SC. On the other hand, household/home appeared as a major work place in AC and SC but not in UB.

Table 5.3
*Employed persons aged 12+, by employment status
 and type of production units*

Production units by type	Employed persons - total	Jobs by status in employment												
		of which:				of which:				of which:				
		Formal labourers	Employees	Employers	Cooperative members	Informal labourers	Rotating workers	Visiting workers	Paid workers	Casual workers	Informal business workers	Individual business workers	Household business workers	Unpaid workers
Total - N	914	595	579	11	5	69	18	21	27	3	250	198	26	26
row %	100.0	65.1	63.3	1.2	0.5	7.5	2.0	2.3	3.0	0.3	27.4	21.7	2.8	2.8
column %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Markets	14.6	0.3	0.3	-	-	27.5	72.2	-	11.1	100.0	44.8	50.5	23.1	23.1
Open market	13.0	0.2	0.2	-	-	24.6	66.7	-	11.1	66.7	40.4	47.0	15.4	15.4
Housed market	1.5	0.2	0.2	-	-	2.9	5.6	-	33.3	4.4	3.5	7.7	7.7	
Small places	6.3	-	-	-	-	29.0	16.7	76.2	3.7	-	15.2	14.1	19.2	19.2
Kiosk (TUTS)	2.1	-	-	-	-	-	-	-	-	7.6	6.6	11.5	11.5	
Container (train)	0.3	-	-	-	-	-	-	-	-	1.2	0.5	3.8	3.8	
Street	0.7	-	-	-	-	1.4	-	3.7	-	2.0	2.0	3.8	-	
Visit	3.3	-	-	-	-	27.5	16.7	76.2	-	4.4	5.1	-	3.8	
Household/home	10.9	0.5	0.5	-	-	31.9	11.1	19.0	59.3	-	30.0	28.8	38.5	30.8
Own hhd /home	7.9	-	-	-	-	2.9	-	4.8	3.7	-	28.0	26.3	38.5	30.8
Non-stranger's hhd /home	3.0	0.5	0.5	-	-	27.5	11.1	14.3	51.9	-	2.0	2.5	-	-
Stranger's hhd /home	0.1	-	-	-	-	1.4	-	3.7	-	-	-	-	-	-
Small private companies	7.8	7.9	6.9	63.6	-	5.8	-	4.8	11.1	-	8.0	4.0	19.2	26.9
Own small private company	2.8	1.2	-	63.6	-	2.9	-	7.4	-	6.8	2.5	19.2	26.9	
Non-stranger's s.p. company	4.6	6.2	6.4	-	-	2.9	-	4.8	3.7	-	1.2	1.5	-	-
Stranger's s.p. company	0.3	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-
Large places	60.4	91.3	92.2	36.4	100.0	5.8	-	-	14.8	-	2.0	2.5	-	-
State organ-n / company	35.3	53.6	55.1	-	-	1.4	-	3.7	-	1.2	1.5	-	-	-
Private/sharehold. company	15.2	22.9	22.8	36.4	-	2.9	-	7.4	-	0.4	0.5	-	-	-
Foreign invested company	7.4	11.3	11.6	-	-	-	-	-	-	0.4	0.5	-	-	-
Cooperatives	0.5	0.8	-	-	100.0	-	-	-	-	-	-	-	-	-
NGOs	0.7	0.8	0.9	-	-	1.4	-	3.7	-	-	-	-	-	-
International organisation	0.1	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-
Membership organisation	1.0	1.5	1.6	-	-	-	-	-	-	-	-	-	-	-
Sport organisation	0.1	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

According to standard labour international statistics approach, formal employment accounts for 65.1% of employed persons. (In our survey, out of 2,016 persons aged 12+, 914 persons were currently employed (see Table 4.5, Ch.4)) Formal employment is highest in SC (73.6%), but not in UB (67.1%) and AC (57.2%). In our survey formal employment

consists of three types of formal labourers (employees¹, employers² and cooperative members³), and the majority of employed persons work as employees⁴. Furthermore, majority (91.3 %) of formal labourers work in the formal sector. (See also cells with number – 1 in Table 5.1, and shaded cells at the bottom of Table 5.3). Formal employment in the formal sector is highest in UB (92.5%), the largest place. The remaining small part (8.7%) accounts for formal employment in the informal sector (or in informal enterprises) (cells with number 2 in Table 5.1). Among formal labourers, employers are much more likely to work in informal sector, in own small private companies, 63.6% (Table 5.3). Formal employment in the informal sector is highest in SC (12.6%), the smallest place.

According to our approach, the size of informal employment (or proportion of informal workers) is 34.9% in urban areas in Mongolia. It might be the market clearing point. Informal employment is unlikely to grow larger than this. Informal jobs are characterized by low return and labour intensive jobs (see for e.g. Scott 1991:106), and informal sector is associated with limited expansion. If there was more attractive job opportunities in informal sector then potential workers would have been recruited. However, at this level of informal employment, potential workers exist in the open market system (in the three locations) in Mongolia (Sec. 4.7, Ch.4). In other words, informal sector fails to recruit potential workers. The place (AC) with the largest size of the potential workers (Table 4.5, Ch.4) is characterised by the largest size of the informal employment (AC (42.8%) vs. UB (32.9%) and SC (26.4%)). In other words, the size of informal sector is directly associated with the size of unemployed and potential workers, which in turn determined by the size of formal sector.

Furthermore, we found diverse types of informal workers, namely informal labourers (rotating, visiting, paid and casual workers) and informal business workers (individual, household and unpaid). (See also Fig. 4.3, Ch.4.) Moreover, there are different types of visiting, paid, individual business, household business and unpaid workers (see CESM, 2003 in Appendix D). The diversity of informal workers is directly associated with the size of the place but not with the size of the informal sector. UB has the most diverse informal workers, including all four types of informal labourers (Table 1 in Appendix E). On the other hand, in SC, informal sector is not only small but also less diverse (Table 3 in Appendix

E). In SC, there are only two types of informal labourers, individual visiting workers and paid workers, and there are no rotating workers.

Furthermore, the size of the informal labourers is directly associated with the size of the informal sector but not with the size of the place. The share of informal labourers is highest in AC, the place with largest informal sector, but not in UB. Especially, employment as rotating and visiting workers is highest in AC. On the hand, the size of informal labourers is smallest in SC.

However, in urban areas in Mongolia, not all informal workers work in informal enterprises. Informal employment in the informal sector or informal workers in informal enterprises (56.1%) is small (cells with number – 3 in Table 5.1, and shaded cells at the top of Table 5.3). Informal employment in the informal sector is highest SC (97.0%), the smallest place, but not in UB (52.9%) than in AC (48.8%). Among others, informal employment is highest in households (less than one third) cells with numbers 4 in Table 5.1) compared with that in small places and small private companies. Informal employment in households is highest in SC (73.5%) than in UB (24.1%) and in AC (27.0%).

It is because, apart from informal enterprises (or informal sector) and households, informal workers work in markets ((41.1%) cells with numbers 5 in Table 5.1) More than a third of informal workers work in open markets. Among them, rotating workers (about 75 percent) and individual business workers (more than half) are much more likely to work in markets, especially in open markets. Informal employment in such markets is high in AC (49.6%) and UB (42.9) and negligible in SC (2.9%).

If we add up informal employment in the informal sector as well as in the markets then we found that the difference between the sizes of the informal sector defined based on enterprise and labour approaches is not large. There is no difference in SC (100.0%). In other words, the SC, the smallest place, is characterised by pure informal sector or by informal employment which takes place in informal sector (informal enterprises and markets). On the other hand, not all informal workers work in the informal sector and in the markets in UB (95.9%) and AC (98.3%). In other words, there is a small informal employment in the formal sector (2.8%) (cells with numbers 6 in Table 5.1), and informal employment in the formal sector is highest in UB. Paid workers (14.8%) are much more likely to work in the formal sector than other informal workers. Paid

workers in UB work in most diverse places, and more importantly, in small companies and large places (Table 1 in Appendix E). On the other hand, informal labourers, including paid workers, in AC and SC work in small places only. However, the major work place of paid workers is household/home while rotating workers' is open market.

Like paid workers, individual business workers in UB and AC, work in diverse places, including small companies and large places (Tables 1, 2 and 3 in Appendix E). The major work place of individual business workers in UB and AC is open market. On the other hand, individual business workers in SC work mainly at own household/home, and to lesser extent, on visiting basis.

Unlike paid workers and individual business workers, household business and unpaid workers do not work in large places but at own small companies (Table 5.3). The major work place of household business and unpaid workers is household/home. In UB and AC, apart from this, they work in open and housed markets, and at small companies.

Thus, informal workers who work in large places include paid workers in UB and individual business workers in UB and AC who work in small companies and large places, and household business and unpaid workers in UB and AC who work in small companies. Also we found that work place tends to differ by type of informal workers.

In short, we made an attempt to define the size of the informal sector in Mongolia based on both enterprise and labour approaches. For this, we have developed two classifications for Mongolia: CSEM-2003 and CPUM-2003 (given in Appendix D). We found that labour type is more diverse in the informal sector than in the formal sector. Informal employment consists of two types of labour, informal labourers and informal business workers, and there are four types of informal labourers (rotating, visiting, paid and casual workers) and three types of informal business workers (individual, household and unpaid). Also we found that production units or work places tend to differ by type of informal workers.

We found a small difference between the two approaches or between informal sector (39.6%) and informal employment (34.9%). The difference is explained by the informal employment in the formal sector. There is a small informal employment in the formal sector (2.8%), and it is highest in UB. Among informal workers, paid workers (14.8%) are

much more likely to work in the formal sector. Paid workers in UB work in most diverse places, and more importantly, in small companies and large places. On the other hand, the SC, the smallest place, is characterised not only by smallest but also by pure informal sector or by informal employment which takes place in informal sector (informal enterprises and markets). In other words, SC is characterised by least diverse types of labour and production units in the informal sector.

Also we found that the diversity of informal workers is directly associated with the size of the place while the size of the informal labourers is directly associated with the size of the informal sector.

Finally, diverse types of labour and work places suggest that people put a lot of energy into allocating themselves in economic activities or finding livelihoods. In our research, we use the size of the informal sector, based on labour approach, because of small difference between the two approaches, and also because we study people who engage in informal jobs.

5.5 Informal workers - age, sex and education

Informal jobs are characterized by intense sex segregation (Scott 1991: 118-121). Different people, in terms of age, sex and education, have different opportunities to work in informal sector. We studied employed persons by labour type, age group and sex (Table 4 in Appendix E), and found that to engage in informal business is not easy, especially for young persons.

Young people, as they are just entering into labour, have no work experience to work in informal sector, and have not gained human capital essential to engage in informal jobs (see Sec. 3.4.2, Ch.3 for human capital). The most likely option which informal sector offers for new entrant young people is to engage as informal labourers (ILs). Young people, aged 12-29, are most likely to work as ILs compared with older generation. Especially, young males (17.0%) are three times more likely to work as ILs compared with young females (5.3%). Moreover, young males are more likely to work in most vulnerable type of ILs, as rotating and visiting workers while young females are more likely to work as paid workers. In AC, the place which is characterised by a large share of informal sector as well as ILs, young males are most likely to work as ILs, about a third. But informal sector in AC is less diverse than in UB. In UB, 15.0%

of young males work as ILS. In other words, the fact that young males are most likely to work as ILS (especially as rotating and visiting workers) suggests that ILS are one of the major types of labour in the open market system in Mongolia.

On the other hand, our survey suggests that people become aware of different informal job opportunities, and start to engage in informal business as they stay longer in the informal sector. Males in prime ages (30-49) are most likely to work as Inf.BWs, especially in places with large informal sector, namely in AC and UB. Apart from males in prime ages, in AC and UB, females aged 50+ are more likely to work as Inf.BWs, to augment their pensions.

Informal employment opportunity in SC is different, and limited as SC is characterised by the smallest share of informal sector, but with the largest share of household business. In SC, like in AC and UB, young males are most likely to work in informal sector. But, unlike in AC and UB, there is no young male who works as IL. Instead, they mainly work as Ind.BWs, and to lesser extent, as UWs. They engage in agriculture, and indigenous manufacturing (processing and production of agricultural raw material). On the other hand, in SC, young females are most likely to work as ILS.

These young males (in AC and UB) and young females (in SC) who are most likely to work as ILS are likely to be school leavers, with education of grades 4-10. We studied educational differentials by labour type (Table 5 in Appendix E) and found that in AC and UB males and in SC females with secondary education are most likely to work as ILS. Males with secondary education in AC and UB are more likely to work as rotating and visiting workers while females with secondary education in SC work as paid workers only.

Apart from young people with secondary education, young people with non- and primary education, who emerged after transition, mainly work in informal sector as ILS. In other words, young people, who graduated from secondary school or who have lower than secondary education and who failed to join further education, have only option to join informal sector and work as ILS, under the situation of limited formal employment opportunity in the place of origin in the open market system in Mongolia. Apart from ILS, poor educated persons and school leavers also work as informal business workers (Inf.BWs).

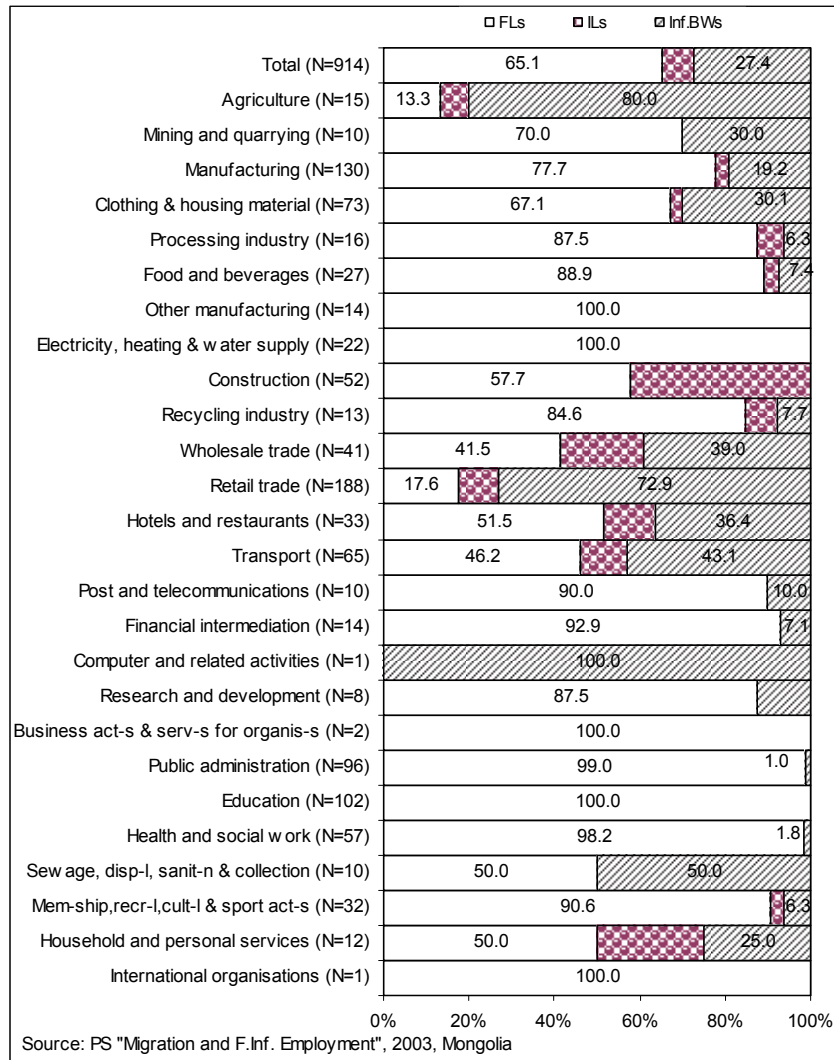
In general, engagement in informal sector, both as IIs and Inf.BWs, declines with increase in level of education because high educated people have better opportunity to work in formal sector. In SC, high educated males and females do not work in informal sector. In AC, high educated males and females do work in informal sector but engage in informal business and do not work as IIs. In UB high educated females work as IIs and engagement in informal business is high. These suggest that high educated people, especially females, have limited opportunity to work in formal sector in UB compared with those in AC and SC.

In short, young males are most likely to work in informal sector in urban areas (all three locations) in Mongolia. In AC and UB, which have relatively large informal sector, young males are most likely to work as IIs and in SC as Inf.BWs. Moreover, they tend to have less (or non-) education. In other words, informal sector serves as a major survival opportunity for less (or non-) educated young males in urban areas in the open market system Mongolia.

5.6 Formal and informal sectors interface, by industry

People are more likely to engage in service, commerce (street sellers) and transport informally rather than in industry (Mazumdar 1976:658-659). In Mongolia, study on informal sector⁵ suggests that informal workers engage in certain activities like taxicabs, kiosks, shoe repair, selling used parts/tools, selling individual cigarettes, chewing gums and newspaper, shoe shining, measuring weight and taking photographs, and also several informal activities are created for monthly fixed tax, flat tax⁶. In general, literature on informal sector often suggests that there are certain activities which are accomplished by informal workers in the informal sector. It is because industry of the informal sector is often studied separately from the formal sector. Scholars who study informal jobs often visit the places where informal jobs are plenty, and describe, among others, occupations. Therefore, it does not fully reveal the extent of the informal sector in the given economic system. In Mongolia, there is no literature which studies formal and informal sectors interface.

Figure 5.1
Industry distribution between formal labourers, informal labourers and informal business workers



According to our survey, majority of economic activities are accomplished by both formal and informal workers. (See Fig. 5.1 for industry by labour type: formal labourers (FLs), informal labourers (ILs) and informal business workers (Inf.BWs).) There is no sector which is purely informal. The absence of computer and related activities in the formal sector is due to no coverage of formal part of it, in our survey, as it is proportionally small. But there are two sectors which are largely informal, agriculture and retail trade. Retail trade dominates in informal sector in developing countries like Bangladesh, India, Pakistan, the Philippines, Sri Lanka and Thailand (Malik 1996).

Moreover, economic activities which provide basic needs and services for individuals and households, such as (permanent and temporary) housing, food, clothing and transport, are equally likely to be accomplished by both formal and informal workers.

It includes construction, wholesale trade, hotels and restaurants, transport, and household and personal services.

In general, the share of manufacturing in the urban informal sector is small (Malik 1996). In our survey, 32.9% of (clothing and housing material) manufacturing is accomplished by informal workers. Informal part of the manufacturing does not only produce indigenous clothing and housing but also modern ones. Non-traditional clothes (like leather jacket and office costumes) are also produced informally. On the other hand, indigenous housing (ger) and clothes (buriat boots, deel and hats), consumer goods, and food and beverages (dumpling, milk vodka, etc.) are produced by formal sector, in some cases combined with modern design.

In informal sector, composition of labourers and business workers is roughly 1:3. In other words, one out of three informal business workers recruits one informal labourer. We found that the composition of labourers and business workers in the informal sector differs by industry depending on the share of the informal sector in the given industry. In largely formal sectors, only Inf.BWs work, but not ILs. It includes mining and quarrying, post and telecommunications, financial intermediation, computer related activities, research and development, health and social work, and sewage disposal, sanitation and collection activities.

Moreover, the composition of ILs:Inf.BWs is directly associated with scale (or work place) of the informal sector. In industries, where informal part is more likely to be based at small places (household/home and

other small places), the composition of ILs and Inf.BWs is less than 1:3. In our survey, it includes agriculture, retail trade and manufacturing. On the other hand, in industries, namely wholesale trade, hotels and restaurants, and transport, where informal part is likely to require a (special) work place the composition of ILs and Inf.BWs is greater than 1:3.

Moreover, in activities, which can be accomplished by an individual, for e.g. household and personal services, ILs and Inf.BWs work independently. There is only one sector, construction, where only ILs work in informal part.

Furthermore, the major industries of ILs differs by type of ILs (Table 6 in Appendix E). In other words, particular type of activity is likely to be accomplished by particular type of ILs. Rotating workers are most likely to engage in wholesale trade, visiting workers in construction, and paid workers in retail trade. Paid workers in UB engage in more diverse industries than those in AC and SC. Moreover, paid workers are likely to work for individual business workers as industries of paid workers and individual business workers are similar (Tables 6 and 7 in Appendix E).

The major industries of individual business workers differ by location. In larger places (UB and AC), the major industry of individual business workers is retail trade while in smaller place (SC) it is transport.

Also the major industry of household business workers (HBWs) and unpaid workers (UWs) is retail trade (Table 8 in Appendix E.) though they engage in less diverse industries than Ind.BWs and paid workers. Moreover, industry structures of HBWs and UWs are similar, suggesting that the latter work for the former. We could study them together, as an unpaid worker becomes responsible for household business when household business worker is absent. However, in UB, UWs engage in more diverse industries than HBWs, and not all UWs work for household business. Apart from wholesale and retail trade, in UB, HBWs and UWs engage in manufacturing and transport, and in AC and SC, in agriculture.

Thus informal sector is not limited to service and trade sectors in Mongolia. Informal sector emerged and operate in response to local demand in the open market system in Mongolia. Therefore, informal workers meet indigenous demands which are not integrated with outside world (or globalized). Indigenous sectors not only do not export their

products and services but also do not use imported techniques and technologies, and are not supported by international organizations.

On the other hand, formal labourers are more likely to work in industries which have integrated relationships with outside world. Integrated relationships with outside world involve not only exporting their products and services but also using imported techniques and technologies (like 'Coca Cola' soft drink producer in Mongolia), and may be being supported by investments from international organizations.

In short, we found that informal sector exists as a widespread part of the economic system in the open market system in Mongolia, as majority of activities are accomplished by both formal and informal workers, and indigenous and international markets coexist. However, retail trade and agriculture are largely informal sectors in the open market system in Mongolia.

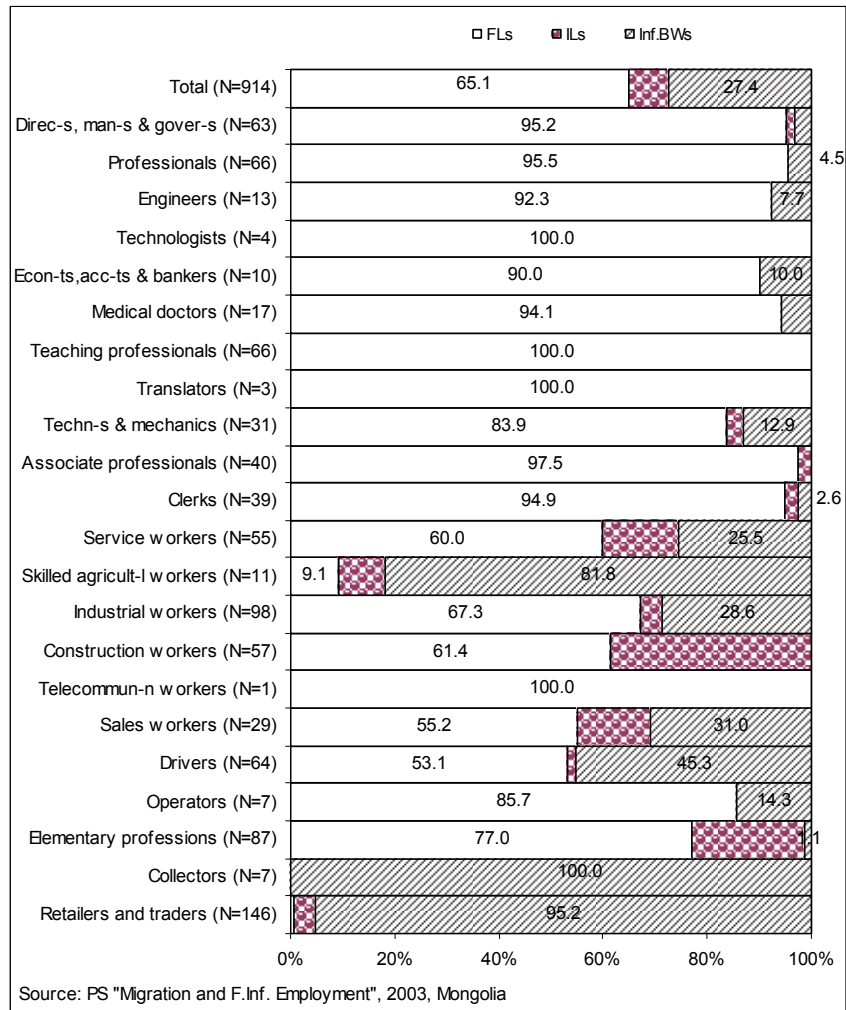
Informal workers in larger locations (UB and AC) engage in more diverse industries than in the smaller location (SC). Paid workers are likely to work for Ind.BWs while UWs for HBWs. Paid workers and Ind.BWs are likely to engage in most diverse industries. Paid workers are most likely to engage in retail trade while visiting workers in construction. However, majority of informal workers (except rotating, visiting and casual workers) are most likely to engage in retail trade. (See Sec. 5.8 for detailed analysis of the retail trade.)

5.7 Formal and informal sectors interface, by occupation

Literature on informal sector suggest that industry and occupation of the informal sector tend to be the same. However, we found that it is the case for informal business workers. On the other hand, industry and occupation of informal labourers tend to differ. Also some occupations seem to be relevant to the formal sector while some other occupations are likely to be relevant to both formal and informal sectors.

In our survey, we found that informal workers engage in majority of occupations, and there are only two purely informal occupations (Fig. 5.2). Retailers and traders, and collectors, the newly emerged occupations during transition in Mongolia, with most Inf.BWs.

Figure 5.2
Occupation distribution between formal labourers, informal labourers and informal business workers



Agricultural workers are not purely but largely informal. Majority of them work as Inf.BWs, namely as household business workers (HBWs)

and unpaid workers (UWs). Also about ten percent of them work as informal labourers, hired by HBWs. These are different from previous socialist system where all agricultural workers were FLs only.

Compared with agricultural workers, service, industrial and construction workers are less likely to work in informal sector. Service and industrial workers are more likely to work as Inf.BWs rather than ILs. On the other hand, construction workers in informal sector work as ILs only. Thus different skilled workers work in different labour type in informal sector.

Also, in general, occupations which require high level of education and knowledge are likely to be accomplished by FLs and Inf.BWs. Economists, accountants and bankers; professionals; engineers and medical doctors who work as Inf.BWs, mainly as Ind.BWs, if they are not FLs.

Furthermore, different type of informal labourers engages in different occupation in different locations (Table 9 in Appendix E). Paid workers in UB mainly work as service workers and engage in elementary professions. In AC, they work as retailers and traders (of agricultural raw material), and in SC as sales workers. Rotating workers mainly engage in elementary professions. Visiting workers mainly work as construction workers. Thus the major occupation of paid and rotating workers, especially in UB, does not reveal that they work in retail trade. We found that retail trade is the major industry of paid workers and second important industry of rotating workers (Sec. 5.6). Also, unlike industry structure, occupation structures of paid workers and Ind.BWs tend to differ. In other words, industry and occupation of informal labourers, namely paid and rotating workers, tend to differ.

On the other hand, industry and occupation of Ind.BWs tend to be the same (see Table 7 vs. Table 10 in Appendix E). An Ind.BW who works as a driver is likely to work in transport sector, rather than, say, in health sector, unless he/she is contracted with health establishment. More than half of Ind.BWs in larger places (UB and AC) work as retailers and traders while majority of Ind.BWs in SC work as industrial workers and drivers.

Similarly, industry and occupation structures of HBWs and UWs are similar, especially in smaller places, in AC and SC (Tables 8 and 11 in

Appendix E), and the major occupation of HBWs and UWs, in all three locations, is retailers and traders.

In short, informal workers engage not in few occupations but in majority of occupations, and there are two occupations, retailers and traders, and collectors, which are purely informal in our survey. Among Inf.BWs, Ind.BWs in UB engage in most diverse occupations. But the major occupation of all Inf.BWs is retailers and traders. Among ILs, paid workers in UB engage in most diverse occupations. But the major occupation of ILs is different. Also industry and occupation tend to be the same for Inf.BWs but not for ILs. In other words, there are ILs (mainly, paid and rotating workers) who engage in retail trade in different occupation. These suggest that newly emerged diverse types of labour since transition to the open market system in Mongolia are likely to be associated with increasing insecurity. The next section studies persons who engage in retail trade.

5.8 Retailers and traders

During transition, there was a stepwise movement to retail trade in Mongolia (Sec. 4.5, Ch.4). However, it is not likely to be transitional phenomenon only. In the open market system, people in urban areas in Mongolia are more likely to make their living engaging in retail and wholesale trade⁷ rather than in manufacturing (NSO and UNFPA 2001b).

After collapse of light-industrialisation in the transition period, new type of manufacturing, the garment manufacturing emerged, in Mongolia (Sec. 3.2, Ch.3). In our survey, sewing manufacturing is the major type of manufacturing in UB, in terms of employed persons (Table 12 in Appendix E). In AC, food and beverages, and in SC, indigenous manufacturing are the major types of manufacturing.

However, these major types of manufacturing fail to meet people's diverse demands for food and consumer goods. Therefore, Mongolia imports 80% of what it uses, and the major import partner is China (Sec. 2.4, Ch.2). Under this situation, trade becomes important, and in terms of employed persons, retail trade becomes important (Table 12 in Appendix E). Unlike retail trade, wholesale trade provides less employment opportunity. In UB, retail trade is the second important sector, after manufacturing, in terms of employed persons. In AC, retail trade is the

major industry but not manufacturing. Thus retail trade provides employment/livelihood opportunities, and is significant for livelihoods in urban (people or) areas in the open market system in Mongolia.

As a total, in our survey, the level of employment in retail trade is around 20% of all employed persons. This level of employment in retail trade (given in Table 12 in Appendix E) is based on current economic activity. Also it is unlikely to increase after 2003 even if we include multiple activities. Employment in retail trade in second as well as in the 12 months before the survey is small (see Tables 1-4 in Appendix C).

Moreover, this level is likely to be approaching a maximum. In other words, in the open market system, where manufacturing is not encouraged, retail trade can provide employment opportunity of this level. It is because expansion of retail trade is associated with expansion of local demand market or population size in the given location as retail trade is merely delivery activity but not production activity. Also if there was more opportunity then potential workers would have been recruited in retail trade. However, at this level of employment in retail trade, potential workers exist in the open market system in Mongolia (Sec. 4.7, Ch.4).

In Mongolia, private retail trade is allowed since transition, and it is common to meet with persons who say 'naimaa hiideg', if one asks 'What do you do?'. 'Naimaa hiideg' means 'engage in trade informally'. In our survey, we categorised them as retailers and traders or 'naimaachin' in Mongolian language. A retailer and trader (or naimaachin) is a person who engages in small scale private informal trade or in 'informal retail trade' and who is responsible for the entire business. Therefore, she/he is different from a sales worker who sells products which brought to her/him at the given price. Also a retailer and trader is different from a rich and well established person who engages in large scale formal trade as he/she engages in a small scale vulnerable trade, though he/she can be a business owner.

There are two major ways to engage in informal retail trade. Some retailers and traders buy goods from importers and producers, and sell them at different place while some retailers and traders themselves engage in informal foreign trade or distance trade. They go between urban and rural areas. Also they go to other countries, mainly to China, Russia, Turkey and South Korea, and bring goods and sell them in Mongolia. I have an experience of engaging in such informal foreign trade:

I bought sport shoes from Beijing and sold them in the way to Moscow via window of the train, and in Moscow I bought Italian winter boots and sold them in the open market in Mongolia. During this trip my money increased four times. I did it once during summer in 1991 and 1992 during my vocation when I was working at the National Statistical Office and when my salary went down after devaluation. I wanted to stop government job and stick to informal trade because of better rewards. But my father did not give me an approval and he said that the government job is secure. I never did it again after I faced entitlement failures when my goods were stolen in Irkutsk. This time I was carrying leather gloves from Mongolia to sell in the open market in Irkhutsk in Russia. Also I was facing unexpected difficulties, like change in price in hotel, and rules and regulations towards foreign traders (mainly Mongolians, Vietnamese and Chinese) in the open market in Irkhutsk as I did it occasionally.

In our survey, we aimed at studying persons who engage in informal retail trade, including persons who say ‘*naimaa hiideg*’, in depth, and to capture them correctly and completely in the data collection. Interviewers were instructed to ask detailed questions like ‘What do you trade?’, ‘From where to where you trade?’ and ‘Where do you work?’, from persons who say ‘*naimaa hiideg*’, and print the detailed answers in the given space in the questionnaire. Studying detailed answers, we found that more than half of persons who engage in retail trade work as retailers and traders (Table 5.4). Furthermore, retailers and traders differ in terms of what they trade. They trade all sorts of products (though mainly food, clothes and consumer goods) imported, produced in Mongolia, and second hand goods from Mongolia and abroad. In UB and AC, we found diverse retailers and traders, in terms of what they trade. On the other hand, in SC there was only one type of retailers and traders, of mixed food and goods. Also in UB and AC, retailers and traders are more specialised on what they trade, either on food or on small item manufactured consumer goods.

Moreover, persons with ‘no profession’ or without trained qualifications are most likely to engage in retail trade, and work as retailers and traders. However, persons who engage in retail trade in UB and AC, including retailers and traders, have representatives of almost all different qualifications, including engineers, technologists and medical doctors (Table 13 in Appendix E).

Table 5.4
Employed persons in retail trade by location, occupation and employment status

	N	%	Employees	Employers	Cooperative members	Individual business workers	Household business workers	Unpaid workers	Rotating workers	Paid workers
UB	92	100.0	16.3	2.2	1.1	56.5	7.6	8.7	2.2	5.4
Directors, managers & governors	5	100.0	20.0	40.0	-	-	20.0	20.0	-	-
Professionals	2	100.0	50.0	-	-	-	-	50.0	-	-
Technicians and mechanics	7	100.0	42.9	-	14.3	28.6	-	-	-	14.3
Sales workers	13	100.0	61.5	-	-	-	15.4	15.4	-	7.7
Drivers	1	100.0	100.0	-	-	-	-	-	-	-
Elementary professions	5	100.0	20.0	-	-	-	-	-	40.0	40.0
Retailers and traders	59	100.0	-	-	-	84.7	6.8	6.8	-	1.7
Retailers of mixed food & goods	13	100.0	-	-	-	84.6	7.7	7.7	-	-
Retailers of food	8	100.0	-	-	-	75.0	12.5	12.5	-	-
Retailers of consumer goods	18	100.0	-	-	-	83.3	5.6	5.6	-	5.6
Retailers of construction material	3	100.0	-	-	-	100.0	-	-	-	-
Retailers of moto vehicles, machinery & supplies	12	100.0	-	-	-	83.3	8.3	8.3	-	-
Traders of agricult-I raw material	5	100.0	-	-	-	100.0	-	-	-	-
AC	74	100.0	9.5	1.4	-	63.5	8.1	6.8	2.7	8.1
Directors, managers & governors	1	100.0	-	100.0	-	-	-	-	-	-
Sales workers	5	100.0	60.0	-	-	-	20.0	20.0	-	-
Drivers	1	100.0	100.0	-	-	-	-	-	-	-
Elementary professions	6	100.0	50.0	-	-	-	-	-	33.3	16.7
Retailers and traders	61	100.0	-	-	-	77.0	8.2	6.6	-	8.2
Retailers of mixed food & goods	7	100.0	-	-	-	71.4	14.3	14.3	-	-
Retailers of food	9	100.0	-	-	-	88.9	-	-	-	11.1
Retailers of consumer goods	11	100.0	-	-	-	90.9	-	-	-	9.1
Retailers of moto vehicles, machinery & supplies	2	100.0	-	-	-	-	50.0	50.0	-	-
Retailers from abroad	4	100.0	-	-	-	100.0	-	-	-	-
Traders of agricult-I raw material	23	100.0	-	-	-	73.9	8.7	4.3	-	13.0
Traders between urban & rural	5	100.0	-	-	-	60.0	20.0	20.0	-	-
SC	22	100.0	31.8	-	-	18.2	18.2	18.2	-	13.6
Directors, managers & governors	1	100.0	100.0	-	-	-	-	-	-	-
Sales workers	8	100.0	37.5	-	-	12.5	12.5	12.5	-	25.0
Drivers	1	100.0	100.0	-	-	-	-	-	-	-
Elementary professions	3	100.0	66.7	-	-	-	-	-	-	33.3
Retailers of mixed food & goods	9	100.0	-	-	-	33.3	33.3	33.3	-	-

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

In other words, some retailers and traders are persons who faced loss of human capital in their qualifications, probably in the transition period. (See also Sec. 4.9, Ch.4).

Moreover, retailers and traders work in different work places, from open and housed markets to modern shopping centers. (See CPUM, 2003 in Appendix D.) But the major work place of retailers and traders is open market, and more than two thirds of retailers and traders in UB and AC work in the open market (Table 14 in Appendix E). However, the major work place differs in terms of what retailers and traders sell. Retailers of consumer goods work in diverse places, open market, housed market, household/home and small companies. Retailers of motor vehicles, machinery and supplies work in small companies. On the other hand, the major work place of retailers and traders of mixed food and goods is kiosks (TUTS). In SC, the major work place is kiosk (TUTS) but not open market.

Because of production unit or work place, retailers and traders, of the same goods, differ in terms of customers and rank. In other words, there are different ranks of retailers and traders of the same goods:

A young man X who rents place in modern shopping center in III district defines the fashion of sport shoes of the year in Mongolia. He is a clever boy. The price of his sport shoes is 500 US\$. The fashion of sport shoes of the year is basically defined based on wearing of most successful or favourite sportsman, mainly of American basketball players, of the year. I work in the open market. I also observe changes in fashion. I have to be very sensitive towards fashion in order to trade sport shoes. Trade is a play on fashion. If I will bring not fashionable sport shoes then nobody will buy them. Our sport shoes are not expensive. People can not buy expensive shoes. In general, price varies depending on where you work. Those who work in housed markets like 'Sarnii titem' (at the center of UB) say that their sport shoes are better than ours. Believe me, they are the same. We all buy from China. (Conversation with a man who trade sport shoes, in a train from Zamiin Uud, March 2004)

In some cases, retailers and traders have own customers:

I buy woman's wearing in Poland and sell them in UB. I bring wearing for women at their early 30s because they like to dress up. I learn from customers what to bring for them next time. I work in III district. Our rent is increased again, and it is getting difficult. (Conversation with a women

aged 52 at the airport in Moscow in April 2004, when I was traveling from Mongolia to the Netherlands.)

Also there is a strong competition between retailers and traders, especially among those who trade the same goods and in the same place. They are reluctant to discuss their plans, like where and what they are going to buy next time (author's observation).

Apart from retailers and traders, people also engage in informal retail trade from other occupations. Directors and managers work as HBWs and UWs (Table 5.4). Sales workers work as HBWs and UWs, selling delivered products at the given price. Persons who engage in elementary professions, like freight carriers, wheel/cart carriers and cleaners, work as ILs, namely as rotating workers and paid workers, and work in open market and at household/home.

However, persons who engage in retail trade in other occupations than retailers and traders are much more likely to work in formal sector as more than half of them are employees. For example, all drivers work as employees. Moreover, persons who engage in other occupations than retailers and traders work in small companies and large places/establishments. For example, the major work places of sales workers and drivers are small companies and large places.

In short, retail trade is the major industry which provides employment opportunity in urban areas in the open market system in Mongolia, accounting for a fifth of employed persons. In Mongolia, there are three types of persons who engage in retail trade: 1) retailers and traders, 2) persons who engage in other occupations than retailers and traders and work in the formal retail trade, and 3) persons who engage in other occupations than retailers and traders, and work in the informal retail trade. Retailers and traders account for more than half of persons who engage in retail trade, and majority of them work as Ind.BWs in the open market. Retailers and traders are more likely to be persons with no professional training. However, in UB and AC, retailers and traders have representatives with diverse qualifications. These suggest that, retail trade not only provides livelihood opportunity for persons with no qualification but also there is an economic motive to work in retail trade better than to work according to ones qualification. The data overall does suggest saturation in terms of livelihood opportunities in 2003 with all avenues having been explored.

5.9 Current income security and current job monthly income: Existence of 27 economic motives in the open market system in Mongolia

In Ch.3, we put forward a proposition that there can be an economic motive for migration to informal sector in large places which are characterised by large and diverse demand in the open market system. This section explores this proposition by mapping economic motives based on current job monthly income by three types of labour in the three locations in Mongolia, covered by our survey. However, not all currently employed persons get cash rewards, and on permanent basis. In our survey, we found a case of ‘a cleaner, for an individual business worker, who works in ‘fast food place’, and gets rewards in kind, ‘free lunch and dinner’. Thus before mapping economic motives, this section gives analysis of reward frequency and income security. (In Sec. 5.9.1 & 5.9.2, Ch.5, PWs stands for paid workers. In the remaining part of the thesis PWs stands for potential workers.)

5.9.1 Reward frequency and income security

In our survey, employed persons in the informal sector received rewards on daily, weekly and monthly basis. Also they have uncertain and flexible income. In our survey, employed persons who have flexible income include persons who stated that employers do not pay in time, wage arrears, amount of rewards depends on work duration, pay in kind and get payment at the end of contract. These suggest that reward frequency is related with job opportunities, with work stability, availability and seasonality, in the informal sector.

However, we found that some employed persons in formal sector (FLs 2.9%) also have uncertainties about incomes. (Table 15 in Appendix E gives reward frequency by labour type, employment status and location.) Among FLs, ERs are most likely to have flexible income than EEs and CMs. EEs also get paid on daily and weekly basis. EEs in UB are most likely to have flexible income, as they work in different types of organisations (state, private and foreign invested) while those in AC and SC mainly work in state organisations.

Unlike FLs, majority of informal workers, ILs and Inf.BWs, get their rewards on daily basis. However, ILs are more likely to have permanent income than Inf.BWs. ILs are more likely to have rewards on monthly

basis than Inf.BWs. Conversely, ILs are less likely to have rewards on daily basis than Inf.BWs.

Among ILs, paid workers (PWs) are most likely to have rewards on monthly basis. On the other hand, more than half of rotating workers survive on daily based income. In UB, rotating workers get rewards only on daily basis. Visiting workers are most likely to have flexible income. It is because majority of them engage in construction work which needs longer duration, weeks or months. (In our survey, there are three casual workers in UB, which are not given in Table 15 in Appendix E. One gets rewards on daily basis and the other two on monthly basis.)

Among Inf.BWs, HBWs are more likely to have flexible income than Ind.BWs, as they are more likely to engage in agriculture and industry. In SC, both Ind.BWs and HBWs are more likely to have flexible income.

In short, income insecurity and uncertainty exist in the open market system in Mongolia, to lesser extent in the formal sector as well. ILs and Ind.BWs are more likely to get rewards on daily basis while HBWs tend to have flexible rewards. Among ILs, paid workers are most likely to have rewards on monthly basis, more than a third, and have relatively less insecurity and uncertainty in income.

5.9.2 Current job monthly income by employment status: An economic motive towards informal sector

In our survey, about 5% of (914) employed persons did not receive income from current job in the past month, mainly due to non-payment of income. (Sample size reduced to 869 persons for income.) About a quarter of visiting workers (VWs) did not get rewards in the past month. HBWs (7.7%) are twice more likely to work with no rewards than Ind.BWs (3.5%). On the other hand, 4% of UWs have any rewards.

According to our survey, in July 2003, employed persons in Mongolia, as an average, get rewards of 59.7 thousand tugrics (₮) per month (pm). (The reference period of current job income is past month. Income on daily and weekly basis is converted into monthly income.) In US\$ terms, it is 53.8 US\$ pm (=59.7 thousand ₮/1110₮)⁸. In other words, employed persons work for 1.8 US\$ per day (pd) (=53.8US\$/30 days). It is below the poverty level of 1US\$ per person per day, if an employed person has just one dependent. (Table 16 in Appendix E gives median income of current job, by age group and sex, and location (thousand ₮)).

We found that an economic motive is given to move to the informal sector because FLs, namely EEs, as an average, earn less than Inf.BWs in the informal sector. (Table 5.5 gives order and mean based statistics of logarithm of current job monthly income by employment status, and Fig. 5.3 gives box plots of logarithm of current job income by employment status.)

Table 5.5
Order and mean based statistics of logarithm of current job monthly income (thousand tugrics) by employment status

	Total	EEs	ERs	Ind.BWs	CMs	UWs	HBWs	RWs	VWs	PWs	CWs
Total employed persons	914	579	11	198	5	26	26	18	21	27	3
Of which: With income (sample size)	869	575	11	191	4	1	24	17	16	27	3
Order statistics											
Mn	2.30	2.89	3.91	2.30	3.21	-	3.00	3.00	2.89	2.30	-
Ql	3.81	3.85	4.38	3.69	3.66	-	3.80	3.33	3.59	3.40	-
Median	4.09	4.09	5.01	4.38	4.24	3.40	4.90	3.69	4.11	3.69	3.91
Qu	4.58	4.38	5.30	5.01	4.49	-	5.99	4.09	5.03	4.25	-
Mx	7.65	6.11	6.21	7.65	4.61	-	7.00	5.30	5.56	5.30	-
IQR	0.77	0.53	0.92	1.32	0.83	-	2.19	0.76	1.44	0.85	-
Lower outlier	2.66	3.06	3.00	1.71	2.42	-	0.51	2.19	1.43	2.13	-
Upper outlier	5.74	5.18	6.68	6.99	5.74	-	9.28	5.23	7.19	5.53	-
Lower far-outlier	1.50	2.26	1.62	-0.27	1.17	-	-2.77	1.05	-0.73	0.85	-
Upper far-outlier	6.89	5.97	8.06	8.97	6.98	-	12.56	6.37	9.35	6.80	-
Mean based statistics											
Mean	4.21	4.15	4.97	4.39	4.08	3.40	4.87	3.75	4.23	3.78	3.91
SD	0.70	0.48	0.67	0.99	0.61	-	1.20	0.62	0.83	0.69	-
cv	0.49	0.23	0.45	0.99	0.37	-	1.43	0.39	0.69	0.47	-
Skewness (a ₃)	0.84	0.78	0.24	0.32	-0.77	-	0.00	0.96	0.16	0.30	-
Kurtosis (a ₄)	5.29	4.20	2.31	3.47	2.03	-	1.87	3.52	1.77	3.20	-
Sp	0.57	0.39	0.68	0.98	0.61	-	1.62	0.56	1.07	0.63	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

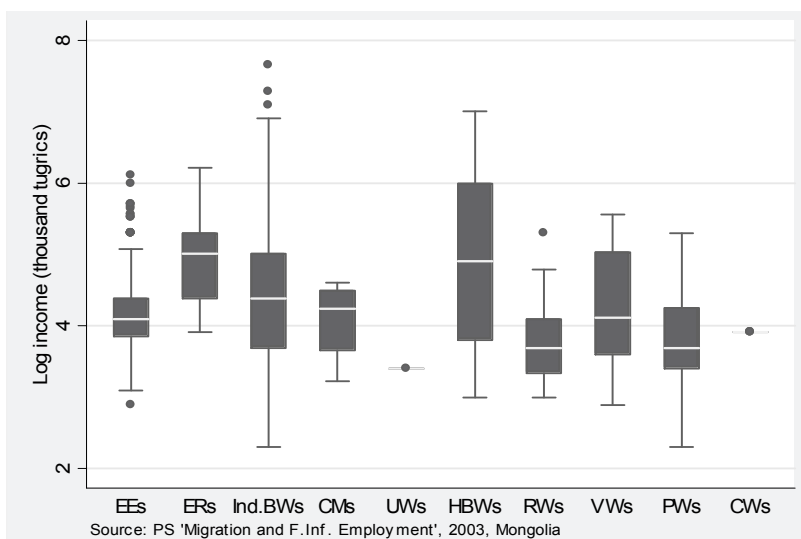
ERs (4.5US\$ pd, or 135US\$ and 149.9 thousand ₮ pm) and HBWs (4US\$ pd, or 121US\$ or 134.3 thousand ₮ pm) earn twice higher income than the average (1.8US\$ pd). Ind.BWs (2.4US\$ pd, or 72US\$ and 79.8 thousand ₮ pm) do not earn as much as them. But they earn better than FLs and ILs. EEs (1.7US\$ pd, or 53.8US\$ and 59.7 thousand ₮ pm) do not earn better than Ind.BWs and HBWs. Also EEs earn less than VWs (1.8US\$ pd, or 55US\$ and 60.9 thousand ₮ pm). However, EEs earn better than other ILs.

Unlike VWs, rotating (RWs) and paid (PWs) workers (1.2US\$ pd, or 36US\$ and 40 thousand ₮ pm) earn the lowest income, around the poverty level of 1US\$ pd. They earn 1.4; 3.75; 2; 3.3 and 1.5 times lower income than EEs (1.7US\$), ERs (4.5US\$), Ind.BWs (2.4US\$), HBWs (4US\$) and VWs (1.8US\$), respectively.

CWs (1.5US\$ pd, or 45US\$ and 49.9 thousand ₮ pm) also do not get better income than RWs and PWs. In our survey, we found one unpaid worker who earned cash which is less than 1US\$ pd (90 cent pd, or 27US\$ and 30 thousand ₮ pm).

Although, EEs, as an average, earn less than Ind.BWs, HBWs and VWs, other order and mean based statistics, and shape of box plot suggest that EEs have more equal income. Shorter upper and lower tails for EEs suggest less variation outside the middle 50%. Also EEs have better income distribution than Ind.BWs and HBWs as income distribution of EEs has positive skewness or stretchiness towards higher value not only in the middle 50% but also outside it.

Figure 5.3
Current job monthly income by employment status



According to coefficient of skewness, income of EEs ($a_3=0.78$) is much more positively skewed than that of Ind.BWs, HBWs and VWs. Similarly, the middle 50% of EEs (Md (4.09)<Mn (4.15)) is slightly positively skewed while that of Ind.BWs is almost symmetric and that of HBWs is negatively skewed. Moreover, EEs, have better income than RWs and PWs, not only in terms of level, but also because of less variation in the middle 50%.

The shape of box plots presents similarities as well as differences for informal workers. Box plots of Ind.BWs and PWs are somewhat similar, as PWs tend to work for the Ind.BWs. The shape of box plots of Ind.BWs suggests that they have highest variation in its income. They can earn as little as PWs, and also, as much as ERs. The highest amount of rewards, according to maximum value, of Ind.BWs (63US\$ pd, or 1892.4US\$ and 2100.6 thousand ₮ pm) is twice and four times greater than HBWs (32.9US\$ pd, or 987.9US\$ and 1096.6 thousand ₮ pm) and ERs (14.9US\$ pd, or 448.3US\$ and 497.7 thousand ₮ pm), respectively. Similarly, PWs have more variation in their income than RWs even if they earn as much as them on average (Md=36US\$ pm). The variation of income of PWs (IQR=0.85) is higher than RWs (IQR=0.76) not only in the middle 50% but also outside it, due to longer upper and lower tails. Moreover, a quarter of PWs (Qu=63.1US\$ pm) earn better than half of EEs (Md=53.8 US\$ pm). The similarity in shape of box plots and high variations in income of Ind.BWs and PWs are in line with our findings: Ind.BWs and PWs engage in most diverse industries (Sec. 5.6) and occupations (Sec. 5.7) than other informal workers.

Also box plots of HBWs and VWs are somewhat similar in shape. Income of HBWs and VWs have about twice larger variation in the middle 50% and much less variation outside it than that of Ind.BWs and PWs. It is in line with our findings: HBWs and VWs engage in few sectors. HBWs mainly engage in agriculture and manufacturing while VWs mainly in construction (Sec. 5.6).

In short, Inf.BWs (Ind.BWs and HBWs) have greater average income than ILs (RWs, PWs and VWs) and FLs (including EEs), and create an economic motive towards informal sector. However, high variation in income of Ind.BWs and PWs suggests that informal sector is related with inequality and vulnerability. On the other hand, less variation of income

of EEs presents that FLs, and therefore, formal sector, is associated with equality and security.

Table 5.6
Order and mean based statistics of logarithm of current job monthly income
(thousand tugrics) by labour type and location

	Total			FLs			ILs			Inf.BWs		
	UB	AC	SC	UB	AC	SC	UB	AC	SC	UB	AC	SC
Total employed persons	516	269	129	346	154	95	40	25	4	130	90	30
Of which: With income (sample size)	498	255	116	342	154	94	38	22	3	118	79	19
Order statistics												
Mn	2.30	2.30	2.30	2.89	3.09	3.22	3.00	2.30	3.40	2.30	2.30	2.30
Q1	3.91	3.69	3.57	3.95	3.74	3.61	3.69	3.09	-	4.01	3.69	3.22
Median	4.25	4.09	3.81	4.25	4.09	3.81	4.00	3.54	3.40	4.61	4.38	3.69
Qu	4.70	4.50	3.97	4.61	4.38	3.97	4.50	3.91	-	5.30	5.01	4.09
Mx	7.65	7.00	5.70	6.21	5.99	4.93	5.56	5.30	3.69	7.65	7.00	5.70
IQR	0.79	0.81	0.40	0.66	0.64	0.36	0.81	0.82	-	1.29	1.32	0.87
Lower outlier	2.73	2.48	2.97	2.96	2.78	3.07	2.48	1.86	-	2.08	1.71	1.92
Upper outlier	5.89	5.72	4.57	5.60	5.34	4.51	5.72	5.14	-	7.24	6.99	5.40
Lower far-outlier	1.54	1.26	2.37	1.97	1.82	2.53	1.26	0.63	-	0.14	-0.27	0.61
Upper far-outlier	7.07	6.93	5.17	6.59	6.30	5.05	6.93	6.37	-	9.17	8.97	6.70
Mean based statistics												
Mean	4.36	4.13	3.78	4.30	4.10	3.80	4.12	3.56	3.50	4.59	4.38	3.71
SD	0.70	0.71	0.41	0.51	0.45	0.29	0.69	0.64	-	1.03	1.00	0.79
cv	0.48	0.51	0.17	0.26	0.20	0.08	0.48	0.41	-	1.10	1.00	0.62
Skewness (a ₃)	0.86	0.69	0.43	0.83	0.44	0.51	0.45	0.63	-	0.31	0.21	0.49
Kurtosis (a ₄)	5.31	5.00	8.29	4.07	4.20	4.47	2.42	3.89	-	3.26	3.02	3.75
Sp	0.59	0.60	0.30	0.49	0.47	0.27	0.60	0.61	-	0.96	0.98	0.64

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

5.9.3 Current job monthly income by location: An economic motive towards UB

We found that an economic motive is given to UB, in terms of location. It is given to all three types of labour in UB, and it is stronger for ILs. (Table 5.6 gives order and mean based statistics of current job monthly income by labour type and location. Figures 5.4, 5.5, 5.6 and 5.7 give box plots of current job monthly income for all employed persons, FLs, ILs and Inf.BWs by location, respectively.) Employed persons in UB are least while those in SC are most likely to have no income (or flexible income) in the past month. In SC, one tenth of employed persons, and especially, one third of Inf.BWs have no income in the past month.

Income by location. Generally, UB economy creates an economic motive for people in AC and SC to migrate to UB (Fig. 5.4). Employed persons in UB, as an average, earn 2US\$ pd (63.2US\$ and 70.1 thousand ₮ pm). It is slightly greater than that in AC (1.8US\$ pd, or 53.8US\$ and 59.7 thousand ₮ pm). On the other hand, employed persons in SC (1.4US\$ pd, or 40.7US\$ and 45.2 thousand ₮ pm) have two thirds of income of those in UB. The minimum level of income is the same in all three locations (3 cent pd, or 9US\$ and 10 thousand ₮ pm). It is price of a small bread in 2003. SC is characterised by not only lowest level of income but also less variation in the middle 50% and outside it. It is in line with limited livelihood (or job) opportunities in SC. In SC, formal sector is mainly public sector (Sec. 5.6) while informal sector is mainly retail trade of mixed goods and food (Sec. 5.8). Despite roughly equivalent mean incomes, the statistics suggest UB has marginally better income in terms of level, lesser variation from the level and stretchiness towards the higher value of income than AC. But SC's lower mean income may be a dominant feature in the motives for migration.

Income of FLs by location. FLs in UB create an economic motive for FLs in AC and SC (Fig. 5.5). FLs in UB have opportunities to work in diverse places, state, private and foreign invested. It is different from AC and SC, where livelihood opportunities of FLs are mainly limited to state sector. As an average, income of FLs in UB (2US\$) is slightly greater than that in AC (1.8US\$). Also other statistics, better representation of the middle 50%, and in terms of positive skewness, not only in the middle 50% but also outside it, suggest that FLs in UB has slightly better income than those in AC. But FLs in UB (2US\$) have about 1.4 times greater income than those in SC (1.4US\$). The variation in the middle 50% in SC (IQR=0.36) is relatively small compared with the level of income. Like AC, the middle 50% is almost symmetric in SC (Md (3.81)<Mn (3.80)). Moreover, the shorter upper and lower tails of box plots of FLs in SC suggest small variation outside the middle 50%. Thus FLs in SC have not only low income but also less variation. These are in line with our findings: FLs in SC mainly work in public sectors. More importantly, in SC, FLs (1.4US\$ pd, or 40.7US\$ and 45.2 thousand ₮ pm) have higher income than Inf. BWs (1.2US\$ pd, or 36US\$ and 40.0 thousand ₮ pm). Low income of Inf. BWs in SC is likely to be associated with small and less diverse local demand.

Figure 5.4
Current job monthly income of all employed persons by location

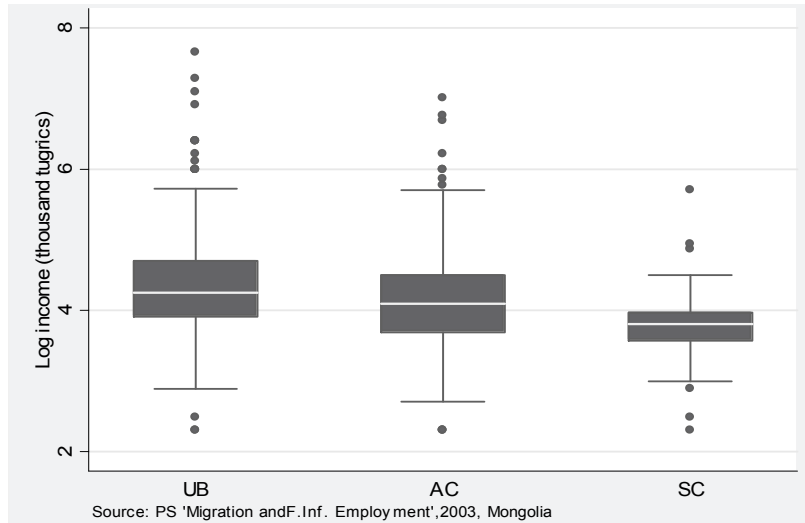


Figure 5.5
Current job monthly income of FLs by location

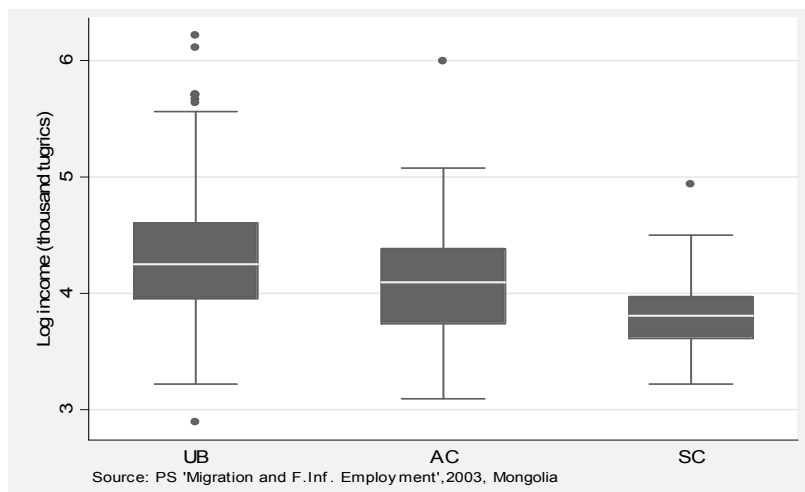


Figure 5.6
Current job monthly income of ILs by location

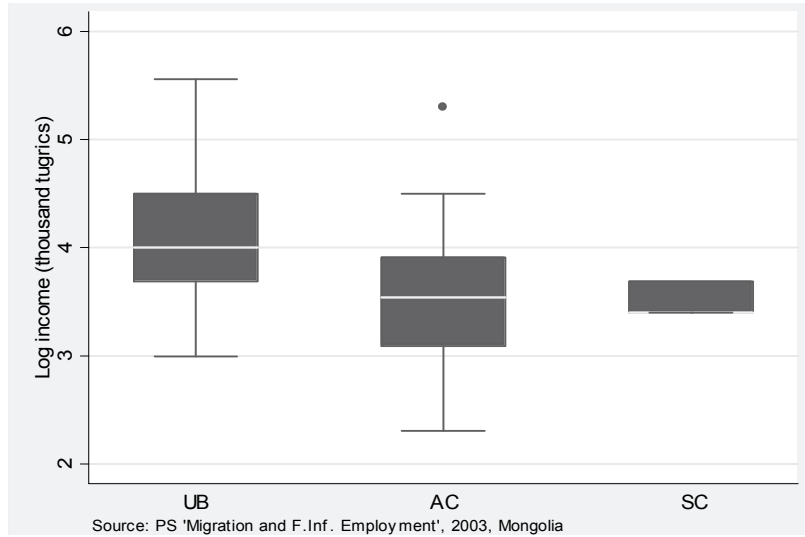
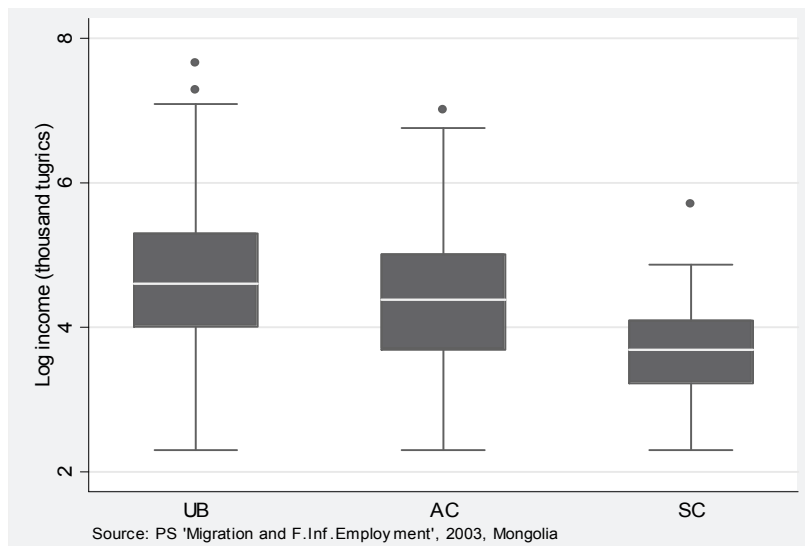


Figure 5.7
Income of Inf.BWs by location



Income of ILS by location. ILS incomes in UB create a clear economic motive for ILS in AC and SC (Fig. 5.6), as UB stands out. An average income of ILS in AC (1US\$ pd, or 31.1US\$ and 34.5 thousand ₹ pm) and SC (9 cent pd, or 27US\$ and 30 thousand ₹ pm) are similar, and they are lower than that in UB (1.6US\$ pd, or 49.2US\$ and 54.6 thousand ₹ pm).

Also box plot pattern of ILS in UB suggests that they have better income than those in AC. An average income of ILS in UB is more likely to represent the middle 50% as IQR is almost the same for UB (IQR=0.81) and AC (IQR=0.82) while the level is lower for AC. Also the middle 50% of UB (Md (4.00)<Mn (4.312)) is positively skewed while that of AC (Md (3.54)<Mn (3.56)) is almost symmetric. Moreover, income of ILS in UB has positive skewness outside the middle 50%. On the other hand, high variation in the middle 50% of income of ILS and relatively low variation outside it suggest limited livelihood opportunities for ILS in AC. In SC, there are only four ILS, and it is difficult to draw conclusions. Thus, ILS in UB have better income, in terms of level and its better representation of the middle 50%, and in terms of positive skewness in the middle 50% and outside it, than those in AC and SC.

Income of Inf.BWs by location. Inf.BWs in UB create an economic motive for Inf.BWs in AC and SC, and it is stronger than that for FLs and ILS (Fig. 5.7). An average income of Inf.BWs in UB (3US\$ pd, or 90.5US\$ and 100.5 thousand ₹ pm) is greater than that in AC (2.4US\$ pd, or 71.1 US\$ and 78.9 thousand ₹ pm). Also median income of Inf.BWs in UB (IQR=1.29) is more likely to represent the middle 50% than that in AC (IQR=1.32), with less variation, especially when the level of income is greater for UB. But the middle 50% of UB (Md (4.61)>Mn (4.59)) is slightly negatively skewed while that of AC (Md (4.38)=Mn (4.38)) is symmetric. However, longer upper tails and upper outliers suggest that UB has more variation outside the middle 50% but towards higher value. Because of it, even if the middle 50% is negatively skewed, income of Inf.BWs in UB ($a_3=0.31$) is more positively skewed than that in AC ($a_3=0.21$). Thus Inf.BWs in UB have better income, in terms of level and its better representation of the middle 50%, and in terms of positive skewness, than that in AC. It is in line with diverse informal business opportunities in UB (Sec. 5.6).

On the other hand, an average income of Inf.BWs in SC (1.2US\$ pd, or 36US\$ and 40.0 thousand ₹ pm) stands out, because of low income.

It is half that in AC. Moreover, income distribution of Inf.BWs in SC is close to normal distribution. It is because Inf.BWs in SC have limited livelihood opportunities as they mainly engage in retail trade of limited range of commodities (see Sec. 5.8).

In short, UB economy creates an economic motive for people who engage in all types of labour in AC and SC. In general, average incomes in UB and AC are closer. In the case of ILs, UB stands out, because of high income, and income in AC and SC are closer. On the other hand, in the case of Inf.BWs, SC stands out, because of half the incomes of those in AC and UB. However, there are other economic motives, across labour type and location. The next section maps economic motives across labour type and location in the open market system in Mongolia (covered in our survey).

5.9.4 Existence of 27 economic motives in the open market system in Mongolia

In order to map up economic motives, we calculated economic motive indices (EMI) by labour type and location. EMI are calculated based on median (monthly) income of current job, taking income of ILs in SC (90 cent pd or 27 US\$ or 30 thousand ₮ pm), the lowest income among the three labour types and locations, as an index income. (Table 17 in Appendix E gives median income of current job by labour type, location and industry.)

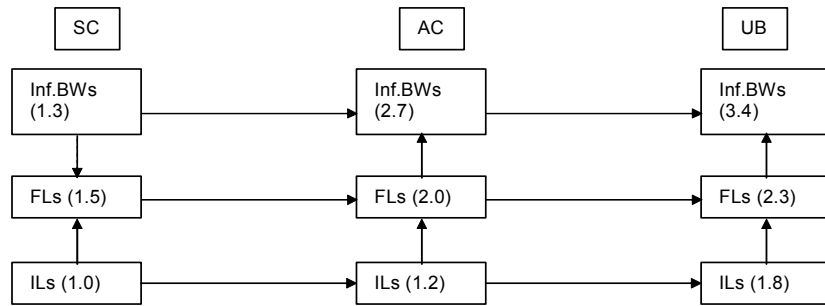
We found 27 economic motives between three locations and three types of labour in the open market system in 2003 in Mongolia, covered in our survey (Fig. 5.8, EMI is printed in the box). UB economy creates an economic motive for three types of labour (Inf.BWs, FLs and ILs) in the two other locations, AC and SC (the first part of Fig. 5.8). Also there are six economic motives within labour types. In two locations (AC and UB), Inf.BW incomes create an economic motive for other two forms of labour (FLs and ILs). In SC, FL incomes create an economic motive for other two forms of labourer (Inf.BWs and ILs).

Also there are eight (second part of Fig. 5.8) and seven (third part of Fig. 5.8) economic motives across labour type and location. Among others, economic motives towards smaller places suggest that economic motives can be found or created in smaller places. In our survey, there was one case of realisation of economic motive towards smaller places. An

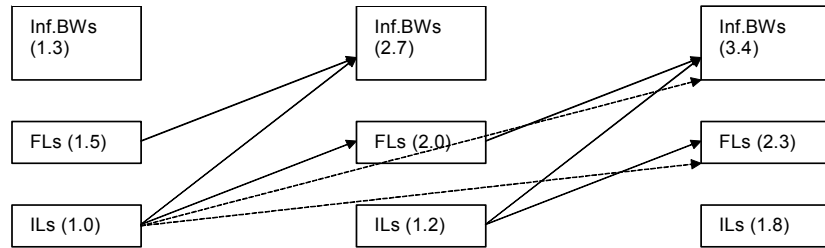
unemployed person in UB migrated to AC to work as an accountant in newly established bank branch.

Figure 5.8
Economic motive indices, based on current job median income, by labour type and location

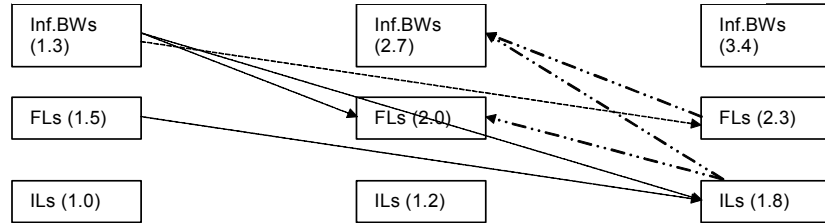
1. Economic motives within labour type and location



2. Economic motives across labour types and locations (1)



3. Economic motives across labour types and locations (2)



Source: PS "Migration and F. Inf. Employment", 2003, Mongolia

In short, at the time of survey, there existed 27 economic motives (6 motives within labour type, 6 motives within location, and other 15 economic motives) between three places and three types of labour, in the open market system in Mongolia (limited to our survey). The existence of economic motives towards smaller location and insecure type of labour suggest that people might ignore status and place of origin for better rewards, but few incentives work against the movement towards UB as a 'primate city'. The next section gives economic motives by labour type, location and industry.

5.10 Economic motive indices: Economic motive towards informal retail trade in the open market system in Mongolia

Similar to other transition and developing countries, labour moved (or move) to retail trade since transition in Mongolia (Sec. 4.5, Ch.4). It is because an economic motive is given to informal retail trade in the open market system in Mongolia. Our analysis of economic motive indices (EMI) by labour type, location and industry presents that informal retail trade is the major industry in urban areas in the open market system in Mongolia, because of three reasons: 1) retail trade is one of few sectors with high EMI of 3.3, 2) retail trade keeps urban (people or) areas as it employs all types of labour in all three locations, and 3) in retail trade, informal part earns better than formal part.

Retail trade is one of few sectors with high EMI (Table 5.7). (EMI are calculated based on median income by industry, labour type and location, which is given in Table 17 in Appendix E, taking income of ILs in SC (90 cent pd or 27 US\$ or 30 thousand ₮ pm), the lowest income among the three labour types and locations, as an index income.

There are only five sectors with greater EMI than retail trade (> 3.3): post and telecommunication (Inf.BWs and ILs in UB), mining and quarrying (FLs in UB), health and social work (Inf.BWs in AC), financial intermediation (FLs in AC), and international organisation (FLs in AC). There are three sectors which have similar EMI with retail trade (=3.3): processing industry (Inf.BWs in UB), wholesale trade (FLs in AC) and transport (ILs in AC). Retail trade has greater EMI than the state sectors: public administration, education, research and development, and infra-

structure. (See Tables 19 and 20 in Appendix E for sectors which employ two and one types of labour, respectively.)

Furthermore, retail trade employs three types of labour in the three locations (Table 5.7). In SC, the only industry which employs three types of labour is retail trade. In other words, retail trade (but not manufacturing) provides livelihoods in urban areas in the open market system in Mongolia.

Table 5.7
Economic motive indices by industries, which employ all three types of labour, and location

	SC			AC			UB		
	ILs	FLs	Inf.BWs	ILs	FLs	Inf.BWs	ILs	FLs	Inf.BWs
Retail trade	1.0	1.2	1.3	1.3	1.4	2.8	2.0	3.3	3.3
Household and personal services	-	-	-	0.7	0.8	0.0	0.7	2.1	2.1
Hotels and restaurants	-	-	-	2.0	1.1	1.7	1.0	2.0	2.0
Wholesale trade	-	-	-	1.3	3.2	2.7	1.3	3.0	3.0
Processing industry	-	-	-	-	-	-	2.3	2.3	3.3
Manufacturing of food & beverages	-	-	-	-	-	-	1.0	2.3	0.7
Manufacturing of clothing & housing material	-	-	-	-	-	-	1.7	2.1	2.2
Construction	-	-	-	-	-	-	3.0	2.7	2.7
Recycling industry	-	-	-	-	-	-	3.0	2.7	2.7
Transport	-	-	-	-	-	-	1.7	2.7	2.7
Membership, recreational, cultural & sport activities	-	-	-	-	-	-	1.7	1.8	1.8

Note: (-) does not employ all three types of labour

(0) no income in the past month from the current job

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

In retail trade, informal part earns better than formal part. In general, EMI of informal (Inf.BWs) and formal (FLs) sectors go hand in hand, as public sector low wages can serve as a floor for other wages (see IMF 1986, and Sec. 3.3.3, Ch.3). EMI in retail trade by location and labour type are similar to the overall pattern which is given in the first part of Fig. 5.8 as informal part earns better than formal part in all three loca-

tions. In UB, there is no difference between EMI of Inf.BWs and FLs in retail trade. But in AC the difference is twice. In other words, in AC, workers in informal part of retail trade earn twice the formal part.

Apart from retail trade, in economic sectors which employ three types of labour, informal part earns better than formal part in hotels and restaurants in AC; and processing industry, manufacturing of clothing and housing material, construction and recycling industry in UB. Similarly, in sectors which employ only FLs and Inf.BWs (Table 19 in Appendix E), informal part earns better than formal part in manufacturing of food and beverages, and clothing and housing material in SC; and health and social work in AC. In UB, formal and informal parts are likely to earn similar incomes in sectors which employ FLs and Inf.BWs, except agriculture.

Also, our analysis of EMI by labour type, location and occupation, suggests that informal business workers earn better than formal labourers (Tables 5.8, 5.9 and 5.10). (EMI by occupation are calculated based on median income by occupation, labour type and location, which is given in Table 18 in Appendix E, taking income of 'Inf.BWs who work as collectors in UB', the lowest income (90 cent pd or 27 US\$ or 30 thousand ₮ pm), as an index income.)

Table 5.8
Economic motive indices by occupation of three types of labour, and location

	SC			AC			UB		
	ILs	FLs	Inf.BWs	ILs	FLs	Inf.BWs	ILs	FLs	Inf.BWs
Sales workers	1.2	1.1	0.8	-	-	-	1.8	2.3	10.0
Service workers	-	-	-	6.7	1.0	0.8	1.3	2.0	4.7
Industrial workers	-	-	-	2.0	1.6	1.9	1.7	2.0	2.2
Drivers	-	-	-	0.0	1.5	2.7	-	-	-
Elementary professions	-	-	-	-	-	-	1.3	1.8	1.0
Clerks	-	-	-	-	-	-	3.0	2.3	1.7
Technicians & mechanics	-	-	-	-	-	-	0.7	2.7	3.2
Directors, managers & governors	-	-	-	-	-	-	6.7	3.3	3.3

Note: (-) does not employ all three types of labour

(0) no income in the past month from the current job

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

The highest EMI (more than 10.0) are found among Inf.BWs: sales workers, engineers, economist, accountants and bankers, and retailers from abroad. Also highly educated professionals earn better in the informal sector than in the formal sector. Medical doctor Inf.BWs in AC earn better than those who work as FLs. In other words, for medical doctors, there exists an economic motive towards informal sector.

Among occupations which employ three types of labour, sales workers which work as Inf. BWs in UB earn more than three times higher income than those in AC and SC (Table 5.8). Moreover, it is the highest income, and higher than other occupations in formal and informal sectors.

Table 5.9
Economic motive indices by occupation of two types of labour, and location

	SC		AC		UB	
	FLs	Inf.BWs	FLs	Inf.BWs	FLs	Inf.BWs
FLs & Inf.BWs						
Industrial workers	0.4	1.3	-	-	-	-
Drivers	1.3	0.6	-	-	2.7	3.7
Sales workers	-	-	1.2	1.7	-	-
Medical doctors	-	-	2.3	4.0	-	-
Professionals	-	-	2.5	0.7	2.5	0.3
Engineers	-	-	-	-	5.0	10.0
Economists, accountants & bankers	-	-	-	-	4.0	48.3
Skilled agricultural workers	-	-	-	-	2.7	2.0
Operators	-	-	-	-	3.4	2.0
Retailers of construction material	-	-	-	-	3.0	4.0
Retailers of moto vehicles, machinery & supplies	-	-	-	-	0.0	3.3
Retailers from abroad	-	-	-	-	0.0	11.7
Traders of agricultural raw material	-	-	-	-	0.0	6.7
Wholesalers	-	-	-	-	0.0	6.7
ILs & Inf.BWs			ILs	Inf.BWs	ILs	Inf.BWs
Skilled agricultural workers	-	-	0.7	0.3	-	-
Retailers of food	-	-	0.6	1.3	-	-
Traders of agricultural raw material	-	-	1.4	3.3	-	-
Retailers of consumer goods	-	-	1.5	3.0	2.7	2.0
ILs & FLs			ILs	FLs	ILs	FLs
Elementary professions	-	-	0.8	1.1	-	-
Construction workers	-	-	1.0	2.2	3.0	2.7
Associate professionals	-	-	-	-	2.3	1.9

Note: (-) does not employ two types of labour

(0) no income in the past month from the current job

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Among occupations which employ two types of labour, retailers and traders in UB earn better income than others, and better than highly educated professionals (Table 5.9). Retailers from abroad in UB earn better income than informal/private (Inf.BW) engineers. Retailers of construction material in UB earn as much as informal/private medical doctors in AC. Also traders of agricultural raw material in UB, and retailers of moto vehicles, machinery and supplies earn as much as translators (FLs) and directors, managers and governors (ILs) in UB.

Table 5.10
Economic motive indices by occupation of one type of labour, and location

	ILs	FLs			Inf.BWs		
	SC	SC	AC	UB	SC	AC	UB
Collectors	0.0	-	-	-	-	-	1.0
Professionals	-	1.8	-	-	-	-	-
Operators	-	1.1	-	-	-	-	-
Service workers	-	1.2	-	-	-	-	-
Directors, managers & governors	-	1.8	2.6	-	-	-	-
Medical doctors	-	2.3	-	1.6	-	-	-
Teaching professionals	-	1.6	2.2	2.1	-	-	-
Technicians & mechanics	-	1.7	2.0	-	-	-	-
Associate professionals	-	1.5	1.8	-	-	-	-
Clerks	-	1.4	1.9	-	-	-	-
Economists, accountants & bankers	-	-	3.3	-	-	-	-
Technologists	-	-	-	5.8	-	-	-
Translators	-	-	-	6.7	-	-	-
Telecommunication workers	-	-	-	2.6	-	-	-
Traders between urban & rural	-	-	-	0.0	-	3.0	-
Skilled agricultural workers	-	-	-	-	0.0	-	-
Retailers of mixed food & goods	-	-	-	-	1.3	1.2	4.3
Retailers of moto vehicles, machinery & supplies	-	-	-	-	-	6.7	-
Retailers from abroad	-	-	-	-	-	3.3	-
Retailers of food	-	-	-	-	-	-	1.7

Note: (-) does not employ one type of labour

(0) no income in the past month from the current job

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Also retailers and traders, especially those in AC and UB, earn better than production workers, agricultural and industrial. Industrial workers

who work as Inf.BWs in UB (2.2), and skilled agricultural workers who work as FLs in UB (2.7) have lower income than retailers and traders.

On the other hand, some sales workers, and retailers and traders (like informal and formal sales workers in SC, formal sales workers in AC, retailers of food in AC, and retailers of mixed food and goods in SC and AC) earn as low as collectors.

Furthermore, some sales workers, especially those in UB, work with no (or flexible) income. But they are FLs. FLs work with no income because of different reasons. One sales worker in supermarket was speaking that we do work with no income in many cases as we have to pay the loss which occur to the supermarket during our shift (a case in our survey). Among retailers and traders, retailers of mixed food and goods (Inf.BWs) are found in all locations (Table 5.10). In UB, they earn more than three times than those in AC and SC.

In short, this chapter supports our major research proposition which is an economic motive of migration is given in terms of greater value added in informal sector in the place with large and diverse domestic market. Our analysis of EMI by industry suggests that retail trade is the major industry in the open market system in Mongolia, mainly because it employs all three types of labour in all three locations. Also our analysis of EMI by occupation suggests that an economic motive is given to informal retail trade sector (or to retailers and traders) in UB in the open market system in Mongolia, and labour move in response to this motive (Ch.6). However, income in retail trade varies. Retailers and traders earn as high as informal/private medical doctors as low as collectors, and also work with no (or flexible) income. Moreover, informal workers, including retailers and traders, tend to face entitlement failures in the open market system in Mongolia.

5.11 Entitlement failures in informal sector, including in retailing, in the open market system

Informal sector, especially retailing in UB, is an attractive sector in terms of income in the open market system in Mongolia (Sec. 5.9). However, from the sustainable livelihood perspective, informal sector is likely to be associated with insecurity and vulnerability. Informal sector, after its emergence in Mongolia, is associated with movement within the sector as well as out of the sector (Sec. 5.3). In other words, people who engage

in informal jobs stop their jobs after facing entitlement failures. In this section, we studied entitlement failures in informal sector as well as in retail trade sector, the largely informal sector, looking at ‘reasons for stopping first jobs’. (See Table 4.4, Ch. 4 for reasons for stopping jobs or entitlement failures.)

Table 5.11
First reasons for stopping first jobs in informal sector

Reasons for stopping jobs	Ind.BWs	ILs	HBWs	UWs
Total - N	40	21	13	40
%	100.0	100.0	100.0	100.0
MOVED TO NOT EC. AC. POP.	85.0	76.2	84.6	90.0
MOVED TO NON-WORKERS	20.0	14.3	-	2.5
To study	7.5	4.8	-	-
Poor health	5.0	-	-	-
Reproductive duties	5.0	4.8	-	2.5
Home care takers	-	-	-	-
Went to army	2.5	4.8	-	-
MOVED TO POTENTIAL WORKERS	65.0	61.9	84.6	87.5
Moved to discouraged workers (due to low income)	30.0	19.0	-	5.0
Moved to discriminated workers	-	-	-	-
Moved to failed workers	35.0	42.9	84.6	82.5
Temporary or seasonal job	10.0	23.8	7.7	-
Loss due to natural disaster	-	-	61.5	42.5
Loss not due to natural disaster	15.0	-	7.7	37.5
Difficulties	10.0	19.0	7.7	2.5
EMPLOYMENT MOVEMENT	10.0	9.5	7.7	5.0
To move to formal sector	5.0	9.5	-	-
To move to informal sector	5.0	-	7.7	5.0
MIGRATION	5.0	14.3	7.7	5.0
To move to rural areas	-	-	-	-
To move to urban areas	2.5	9.5	7.7	5.0
To move to aimag center	-	4.8	-	-
To return to own country	2.5	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

In order to study entitlement failures in informal sector, we looked at ‘reasons for stopping first jobs’ of people who entered into labour as informal workers⁹ – individual business workers (Ind.BWs), informal la-

bourers (ILs), household business workers (HBWs) and unpaid workers (UWs). The major ways to face entitlement failures (or movement to unemployed and eventually potential workers) differ by type of informal business – individual or household. Ind.BWs and ILs, and on the other hand, HBWs and UWs have similar reasons to stop their jobs or ways to face entitlement failures (Table 5.11). Ind.BWs and ILs are less likely to face entitlement failures or to move to potential workers than HBWs and UWs. However, Ind.BWs and ILs have more diverse ways to face entitlement failures than HBWs and UWs. The major way for entitlement failures of Ind.BWs is low income, and of ILs is temporary and seasonal job. On the other hand, ‘low income’ is not the major way to face entitlement failures of HBWs. The major way for entitlement failures of HBWs is ‘loss’ due to natural disaster, appearing as a loss of livestock in agriculture.

On the other hand, people who entered into informal sector are less likely to stop their jobs to make employment movement. Among informal workers, ILs are most likely to move to formal sector, and to migrate, mainly to urban areas.

Retail trade sector is a largely informal sector (Sec. 5.6). During transition, retail trade was a ‘stable’ sector in Mongolia (Sec. 4.5, Ch.4). Compared with other sectors, people who were working in retail trade were least likely to face entitlement failures and lose jobs during transition. Instead majority of them moved from state to private sector, and majority started to engage in informal retail trade. During transition, the major reason for mass entitlement failures in retail trade was ‘establishment privatised’ rather than ‘establishment dissolved’ (Table 5.12).

Overall, out of 127 persons who entered into retail trade as a first job, 62 persons stopped their first jobs in retail trade and made one change. However, engagement in informal retail trade may be associated with entitlement failures, namely with ‘low income’ (Box 5.1). Around one fifth of people who entered into retail trade stopped their jobs mainly because of low income. Apart from ‘low income’, retail trade is associated with entitlement failures and insecurity which are associated with informal sector. Loss not due to natural disaster and difficulties are reasons for stopping jobs in retail trade. In our survey, informal work related ‘difficulties’ include working for long hours, no labour protection, less prosperity, no security, no insurance, high rent and poor equipment. Some cases in our survey suggest that more than half of monthly income

of informal workers in UB goes to pay rent of working place in open and housed markets. It is because rent is not controlled by government. Also during field work, in Uvurkhangai AC, one retailer reported that they often face 'loss' because food, especially meat and milk, as they get spoiled easily during summer, and in the case of imported products, package is damaged during transportation.

Table 5.12
First reasons for stopping first jobs in retail trade

Reasons for stopping jobs	
Total - N	62
%	100.0
MOVED TO NOT EC. AC. POP.	87.1
MOVED TO NON-WORKERS	19.4
To study	3.2
Retired	11.3
Poor health	4.8
MOVED TO POTENTIAL WORKERS	67.7
Moved to discouraged workers (due to low income)	14.5
Moved to discriminated workers	8.1
Moved to failed workers	45.2
Temporary or seasonal job	6.5
Loss not due to natural disaster	6.5
Difficulties	11.3
Establishment changed	21.0
Establishment abolished	4.8
Establishment privatised	11.3
Establishment dissolved	3.2
Establishment splitted	1.6
Establishment shrunk	-
EMPLOYMENT MOVEMENT (to informal sector)	9.7
MIGRATION	3.2
To move to urban areas	1.6
To move to aimag center	1.6

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

On the other hand, movement out of retail trade is less likely to be associated with employment movement, and migration is not the major reason to stop local work in retail trade.

Furthermore, informal retail trade has a negative impact on human capital in Mongolia. One trader of sport shoes was speaking about his job and kidney sickness:

I was a military man We can not move to production because of imported goods. What we can do is either trade or service. Trade is the best. We have producers in the south (referring to China) and consumers in the north (referring to Russia). But traveling to Russia is risky. Trade in UB is costly, rent is very high, I have 5 people who work for me. We work outside (in the open market 'Naran tuul'), and therefore, majority of us have got kidney sickness because of cold. (Conversation in the local train from Zamiin-Uud to UB, November 2004.)

Box 5.1

Insecurity in Retail trade in small and medium sized places and demand adjustment due to low income

- Retailers: Thank you very much. People hardly buy in this amount. (15 kg aaruul from 3 different sellers). Some elderly buy when they get their pension.
- The neighbour seller continues: No they can not buy, even government officers can not (refers to two major segments who get cash on permanent basis in AC). (It suggests food adjustment due to 'low income'.)
- The Author: You can reduce your price.
- Retailer: How?! We add only 100 tugrics per kg. It is only price of milk. (Producers can not keep milk for a long, but they can keep dried products.)
- The Author: I am buying for my grandmother and mother, and I am from UB. I also like 'aaruul', especially those from my father's place, Bayantsagaan soum.
- Retailer: Yes, Gobi aaruul is always better. UB people are better (referring to purchasing capability). ... These days, everything went vice versa. People can not buy for elderly, instead people tend to rely on elderly's pension. (It suggests that pension is one of the major sources of cash income in the open market system).

Source: Conversation of author with retailers of traditional dairy products in Bayankhongor AC, July 2003

Due to poor health, retailers and traders are likely to move to non-workers before reaching retirement age.

In short, informal sector, including retailing, is associated with entitlement failures in the open market system in Mongolia. More than two thirds of people who stopped their jobs in informal sector stopped be-

cause of entitlement failures, and moved to potential workers. Informal workers, including retailers and traders, also move to non-workers before retirement age, due to poor health. On the other hand, informal workers are unlikely to make employment movement and to migrate. The concept of potential workers has proven useful in understanding both strengths and weaknesses of the retail trade sector (especially in UB) as a force for employment creation and preservation in Mongolia.

5.12 Conclusion

Since transition, in former socialist countries, employment in informal economy and subsistence production became important (Tinker 1990). In Mongolia, since transition to the open market system, labour market evolved and informal workers emerged (Fig. 4.1, Ch.4). This chapter studied informal sector in the open market system in Mongolia, its emergence, size, industry, occupation, income as well as entitlement failures.

We found that diverse types of labourer emerged after collapse of generalized wage employment in Mongolia. Informal employment consists of two types of workers, informal labourers and informal business workers, and there are four types of informal labourers (rotating, visiting, paid and casual workers) and three types of informal business workers (individual, household and unpaid). Among others, individual business was the major dynamic activity during transition in Mongolia.

Also, we made an attempt to define the size of the informal sector in Mongolia based on both enterprise and labour approaches, and developed a conceptual framework in the form of a matrix based on the ILO (2003) guidelines. Informal jobs, which do not fit into international standard classifications on industry, occupation and employment status, are analysed based on the printed answers to the open ended questions on industry, occupation and employment status, and we have developed two classifications for Mongolia, for the primary survey: CSEM-2003 and CPUM-2003. Doing this, we converted diverse urban livelihoods (qualitative research) into categories for data collection (quantitative research), and informal jobs are covered in full extent in our survey.

We found that there is a small difference between the two approaches or between informal establishments (39.6%) and informal employment (34.9%) in Mongolia. The difference is explained by the informal employment in the formal sector (2.8%), and it is highest in UB. Also we

found that production units or work places tend to differ by type of informal workers. Among informal workers, paid workers (14.8%) are much more likely to work in the formal sector. Paid workers in UB work in most diverse places. SC, the smallest location, is characterised by pure informal sector or by informal employment taking place in the informal sector (informal enterprises and markets). In other words, SC is characterised by least diverse types of labour and production units in the informal sector. Also we found that the diversity of informal workers is directly associated with the size of the location while the size of the informal labourers is directly associated with the size of the informal sector.

We studied characteristics of informal workers (age, sex and education) and found that informal workers exist as a part of labour market. Young males are most likely to work in the informal sector in urban areas (all three locations) in Mongolia. In AC and UB, which have relatively large informal sector, young males are most likely to work as ILs and in SC as Inf.BWs. Also young males are likely to be younger age school leavers. Thus school leavers face with 'no job' opportunities in the place of origin, and join informal sector in urban areas in the open market system in Mongolia.

We found that majority of activities are accomplished by both formal and informal workers, serving indigenous and international markets. In other words, we found that informal sector exists as a part of the economic system in the open market system in Mongolia. Among industries, retail trade and agriculture are largely informal sectors in the open market system in Mongolia.

Moreover, we found that particular type of activity is accomplished by particular type of labour. Informal workers in larger places (UB and AC) engage in more diverse industries than in smaller place (SC). Paid workers and Ind.BWs are likely to engage in most diverse industries. Paid workers are likely to work for Ind.BWs while UWs for HBWs. Paid workers are most likely to engage in retail trade while visiting workers in construction. However, the major industry of majority of informal workers is retail trade.

Informal workers engage not in few occupations but in majority of occupations, and there are two occupations, retailers and traders, and collectors, which are purely informal in our survey. Among Inf.BWs, Ind.BWs in UB engage in most diverse occupations, and among ILs,

paid workers in UB engage in most diverse occupations. We found ILs (mainly, paid and rotating workers) who engage in retail trade in different occupation. Also we identified an occupation called 'retailers and traders' which does not easily fit into the international standard classification in the open market system in Mongolia.

We studied persons who engage in retail trade in detail and found that retail trade is a major industry which provides employment opportunity in urban areas in the open market system, where manufacturing is not encouraged, in Mongolia, accounting for a fifth of employed persons. In Mongolia, there are three types of persons who engage in retail trade: 1) retailers and traders, 2) persons who engage in other occupations than retailers and traders and work in the formal retail trade, and 3) persons who engage in other occupations than retailers and traders, and work in the informal retail trade. Retailers and traders account for more than half of persons who engage in retail trade, and majority of them work as Ind.BWs in the open market. Retailers and traders are more likely to be persons with no professional training. However, in UB and AC, retailers and traders have representatives of diverse qualifications. In other words, retail trade not only provides livelihood opportunity for persons with no qualification but also there is an economic motive to work in retail trade better than to work according to ones qualifications.

We studied economic motives which exist in the open market system in Mongolia based on the current job monthly income. In line with our major research proposition (Sec. 3.5.4, Ch.3), in our survey, economic motive for mobility is given, in terms of location to UB, in terms of labour type to Inf.BWs, and in terms of industry to retail trade. In our survey, we found 27 economic motives of migration (6 motives within labour type, 6 motives within location, and other 15 economic motives across labour types and locations) between three places and three types of labour. Existence of economic motives towards smaller places and insecure labour type suggest that people might ignore status and place of origin for better rewards. In general, in 2003, incomes in UB and AC were closer. In the case of ILs, UB stands out, because of high income, and incomes in AC and SC are closer. On the other hand, in the case of Inf.BWs, SC stands out, because of lower incomes than those in AC and UB.

Further, we studied economic motives by industry and occupation, and found that an economic motive is given to informal retail trade (or

to retailers and traders in UB) in the open market system in Mongolia. However, income in retail trade varies. Retailers and traders earn as high as informal/private medical doctors as low as collectors, and also work with no (or flexible) income.

Moreover, informal workers, including retailers and traders, can face entitlement failures in the open market system in Mongolia. More than two thirds of people who stopped their jobs in informal sector stopped because of entitlement failures, and moved to potential workers. Informal workers seem unwilling to make employment movement and to migrate and instead become potential workers.

Retail trade, the largely informal sector, is likely to be a relatively secure sector, compared with other sectors, as it is less likely to be associated with loss, like agriculture in Mongolia. However, retail trade is associated with entitlement failures due to 'low income' and in informal sector (temporary and seasonal job, loss not due to natural disaster and difficulties). Therefore, retailers and traders are likely to move not only to potential workers but also to non-workers before retirement age. So even the most dynamic industry of retailing does not guarantee secure lifetime livelihoods.

In short, we found that informal sector not only emerged as a transitional phenomenon but also it became a significant part of labour market and economic system in the open market system in Mongolia. Informal retail trade is a major industry, and an economic motive of migration is given to informal retail trade in 2003 in the open market system in Mongolia. In other words, in the open market system, the signal is given to informal sector, and informal retail trade. It provides livelihood opportunities for people who faced entitlement failures and who have lost jobs. Also it can offer better income, even better than formal labourers, especially in UB, the primate city. On the other hand, informal employment fails to provide sustainable livelihoods as it is associated with entitlement failures, like low income, loss and no job opportunities. Thus retailing appears to be a response to the macro-level external imbalance in the open market system in Mongolia.

Notes

¹ In our survey, employees work in public (public administration, education and health), infrastructure (transport, electricity, heating, water supply, and post and

telecommunication), manufacturing and construction sectors, and they are least likely to work in trade sector.

² In our survey, we found few employers, nine in UB and two in AC. Employers in UB work in manufacturing, retail trade and hotels and restaurants while employers in AC in retail trade, and hotels and restaurants. These sectors of employers suggest sectors of re-formalisation in the open market system. In terms of occupation, employers work as directors, managers and governors only.

³ In our survey, we found few cooperative members, two in UB, one in AC and two in SC. Cooperative members in UB engage in retail trade, and membership, recreational, cultural and sport activities, in AC in education and in SC in indigenous (clothing and housing material) manufacturing. In SC, people cooperate in indigenous manufacturing to make traditional clothes and housing (ger) from agricultural raw material.

⁴ According to 2000 census, out of all employed persons in urban areas in Mongolia, majority work as employees (70.3%) and self employed (22.1%). On the other hand, employers (2.3%), cooperative members (0.6%), unpaid workers (4.1%) and other categories (0.6%) account to a little. However, employment status structure changes dramatically for the entire country when we include rural areas. The share of employees is decreased to account to 41.3% while the shares of self employed or own account workers (31.2%) and unpaid family workers (25.3%) are decreased (ibid:52).

⁵ Case studies on micro entrepreneurship found in Center for Social Development, Mongolia.

⁶ The *Informal Sector Income Tax Law* lists over thirty types of informal activities, each with their own monthly flat tax, and whose income can not be determined every time. The list includes making souvenirs, decorations and games; writing memorable words on souvenirs; gold and silversmith; growing and selling office plants and flowers; repairing vehicles; repairing radios and TVs; repairing household equipment and furniture; teaching and training; typing; taking photographs; playing game with payment; small scale trade of cigarettes and chewing gum; packaging and delivery services; and traditional medical healing.

⁷ According to 2000 census, the largest share of employed persons in urban areas in Mongolia is engaged in wholesale and retail trade (16.1%). It follows with manufacturing (13.9%), public administration (11.9%), education (9.9%), transport and communication (9.5%), agriculture (7.7%), health and social work (6.2%), other community, social and personal activities (4.3%), mining and quarrying (4.2%), electricity, gas and water supply (3.8%), construction (3.6%), hotel and restaurant (2.7%), real estate, renting and business activities (2.6%), and other (2.8%). But for the whole Mongolia, about half (47.2%) of employed persons engage in agriculture as majority (82.2%) of employed persons in rural areas en-

gage in agriculture (NSO and UNFPA 2001b:46). Mining and quarrying employs only 2.4% of employed persons in Mongolia while its production (mainly of copper mining Russian and Mongolian Joint Venture Company) accounts to significant share of GDP of Mongolia.

⁸ One US\$ was equivalent to 1,110 tugrics (₮) at the time of conduct of our survey, June- July 2003.

⁹ In our survey, out of 1,109 persons who stopped their first jobs, 1/10 (or 114 persons) entered into informal sector, as majority of the job entrance did occur during socialism.

6

Migration in the Open Market System in Mongolia

6.1 Introduction

During socialism, migration was controlled, as labour was allocated according to the plan in Mongolia as in any other former socialist countries. Population mobility was quite small in the Western Balkans during socialism, and many of them have not traveled to the capital city of the own country (Mungiu-Pippidi 2005 quoted in Black et al. 2007). After socialism, people in Mongolia started to enjoy their rights to choose where to live, according to the Constitution of Mongolia which adopted in 1992. Migration appears to have not only increased during transition but also continues to increase in the open market system in Mongolia.

The international literature suggests that the informal sector has been the major destination for rural migrants in urban areas, and for some migrants it serves as an end destination (Bhattacharya 2002). Therefore, migration, especially to places with large and diverse domestic markets, say to primate cities, has been increasing in developing countries. Apart from rural-urban migration, migration takes different streams and forms in developing countries (Laczko 2005). Also in transition countries, it has been found that most skilled and entrepreneurial people migrated to urban areas (WB 2000:77).

In order to study migration since transition in Mongolia, we studied economic structure of the new system, the open market system (Sec. 2.2, Ch.2), as well as how diverse and complex livelihoods emerged in this system in Mongolia. We categorized persons in working ages by workers status as employed, unemployed, non-workers and potential workers, and among others, defined the proportion of potential workers in the open market system in Mongolia (Sec. 4.6-4.7, Ch.4). Furthermore, we studied employed persons by labour type and found three main types of

labour, namely formal labourers, informal labourers and informal business workers in the open market system in Mongolia (Sec. 5.3-5.4, Ch.5). Also we found that retailers and traders emerged in the open market system in Mongolia (Sec. 5.8, Ch.5). Also we found that informal sector in the open market system in Mongolia has two facets: higher incomes than parts of the formal sector, and insecurity and vulnerability (Ch.5).

After understanding the open market system, and newly emerged diverse and complex livelihoods in Mongolia, this chapter studies migration in this system. In other words, this chapter studies migratory behaviour of employed, unemployed, non-workers and potential workers, and migratory behaviour of employed persons by labour type – formal labourers, informal labourers and informal business workers. Therefore, it is different from other studies on migration in Mongolia which are based on standard censuses and surveys.

It has been argued that there is a cause and effect relationship between poverty and migration in developing countries. Based on this, we developed analytical framework to explain migration pattern in an open market system which is characterised by generalised poverty. According to our framework, people engage in five forms of migration to make their living, which includes ‘step-migration’, ‘from smaller places to a primate city’ and ‘from a primate city to abroad’ in the open market system. Migration pattern in Mongolia is likely to be different compared to other developing countries: migration to primate city (UB) may be high due to less diversity in places of destination, and circular migration is low due to the year round demands of livestock rearing (Sec. 6.2). Also in order to capture diverse forms of migration, in our survey, we defined everybody aged 12+ by migration status and temporary living status (Sec. 6.3). This chapter explores migration level, pattern, major streams and major sources, and reasons for migration and for no intention for migration in the open market system in Mongolia.

6.2 Analytical framework: ‘Leap’ migration to UB

Internal migration in developing countries has been studied extensively, especially since 1990s. This body of literature often claim that people in developing countries engage in migration as a livelihood strategy to escape out of poverty. Under generalised poverty in the open market system (Sec. 3.3.4, Ch.3), people maintain diverse and complex livelihoods,

and generate diverse and complex streams of migration. Also migration serves as both security seeking and an accumulation strategy, but does not always work due to unforeseen emergencies (Deshingkar and Start 2003). But insecurity and stress also come from entitlement failures in the place of origin. In the open market system, due to generalised poverty, people face entitlement failures in the places of origin and destination (Sec. 3.3.4, Ch.3). This section develops an analytical framework to study migration in Mongolia, specifically looking at insecurity and stress or at the major entitlement failure in rural areas or in the place of origin.

Diverse and complex livelihoods

In the open market system, due to low wages in the public sector, generalised poverty does exist and people employ demand adjustment strategy (Sec. 3.3.4, Ch.3). Also under generalized poverty, people arrange livelihoods to get income from multiple sources. Under reform, a household becomes a unit of survival (Moser et al. 1993:24). It is rare an individual or family live on single source of income in developing countries (Hart 1973:78). 'One man, one job' is rare mainly because individuals who obtain low wages working in public or private sector supplement their income working in informal sector. Instead, there are other livelihood arrangements like 'duplication of informal job', 'duplication of wage-job' and 'government, informal' (ibid:66). Different livelihood arrangements are found in China like 'formal, informal', 'some family members in rural enterprises, others remain in agriculture' and 'one-family, two systems' (Sun and Wuyts 2002:88). Also in Russia, under reform, pension is the major source of income when people who are in working ages do not have job (Clarke 2002:199). It gives a livelihood arrangement – 'a pensioner, an unemployed'. There might be other livelihood arrangements such as 'government, illegal', 'private legal, illegal', 'one family, two different individual informal jobs', 'two-three related families, one informal job', and 'one family, two seasonal informal jobs'.

Under reform, under livelihood diversification, average number of workers per household may increase (Gonzalez de la Rocher 1988). But they tend to be children and women. Women's labour force participation increased during reform in Mexico (Beneria 1992:92). However, it did not result from benevolent opening up of job opportunities for women (Joekes 1987, Berger 1988 quoted in Elson 1991:172). But labour intensive production is likely to be female intensive, and therefore, the higher

women's labour force participation was associated with the lower level of income of the household (Elson 1991:169).

Apart from increase in labour force participation which resulted from livelihood diversification, women bear multiple burdens. Women are likely to be responsible for day-to-day budgeting and household management (Elson 1991:182). Under this situation, pressure on women in balancing their time increased (Moser et al. 1993:24). More importantly, insufficient income resulted in the increase in intra-household conflict, domestic violence and alcoholism (Moser 1992 quoted in Moser et al. 1993:55). It is because unemployment of head of household, who are mainly males, increased under reform (ILO 1985).

Thus, under generalized poverty, livelihoods become diverse because people employ different livelihood strategies (like sending children and women for labour) and survival strategies (like demand adjustment and change in shopping habit), and complex because of misemployment¹, intra-household changes, domestic violence and multiple burdens of women.

Diverse and complex streams of migration - Step migration

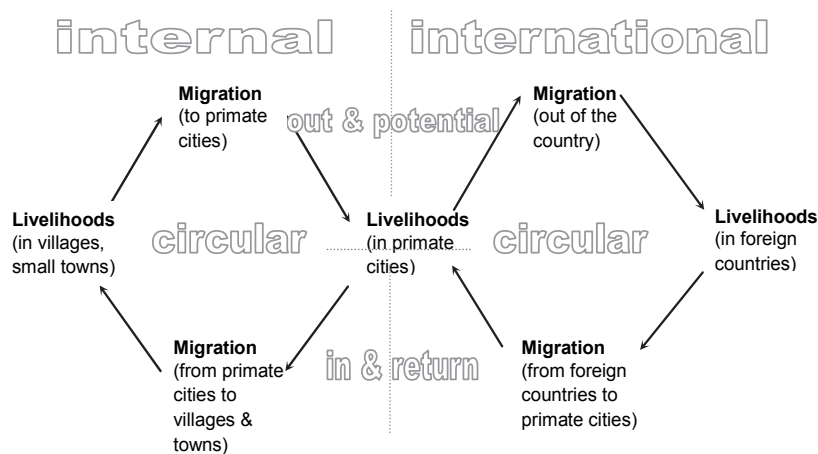
Rural and urban diverse and complex livelihoods engage in different forms of migration when they employ diverse livelihood and survival strategies (see Rakodi 2002:54-55). As a result, internal migration flows in developing countries become diverse and complex in terms of task allocation, direction, composition and duration (Deshingkar 2008).

It has been argued that there is a cause and effect relationship between poverty and migration. People migrate from place of origin due to poverty, and after migration, migrants are less likely to escape out of poverty in the place of destination, and therefore, poverty in the place of destination increases because of migration. The cause and effect relationship between poverty (or diverse and complex livelihoods) and diverse and complex forms of migration in the open market system can be summarised as given in Fig. 6.1. The horizontal line in Fig. 6.1 refers to the generalised poverty, in places of origin as well as destination.

In the case of internal migration, it presents linkages of livelihoods between rural areas/villages/small towns and a primate city by out/potential, in/return and circular migration. In the case of international migration, it presents linkages of livelihoods between a primate city and

foreign countries. On the whole, it proposes ‘Step-migration’ – ‘from smaller places to a primate city’ and ‘from a primate city to abroad’. Step migration explains the links between internal and international migration, and it refers to migration where people move to one or more locations within their country before emigrating to another country (see Deshingkar 2008). It suggests that if consider the links between internal and international migration then we have to study at least two places in the country, as in our framework. However, in our framework, the term step migration does not necessarily refer to persons who take every step in migration but rather it shows that there is a flow of migration which can be seen a number of steps. In other words, steps are not necessarily inevitable.

Figure 6.1
Cause and effect relationship between poverty and migration:
Step migration



Source: Author’s construction

In other words, ‘Step migration’ is an attempt to summarise diverse and complex streams of migration between diverse and complex livelihoods in the three locations, based on cause and effect relationship be-

tween poverty and migration. But the level of engagement in any stream or form of 'Step migration' varies depending, among others, on entitlement failures in the place of origin and intermediate locations.

Place of origin and circular migration

Circular migration is common in developing countries, and it has been increasing in the last two decades (Deshingkar 2006). In many developing countries, for example, in India, Thailand, and Indonesia, circular migration is high, and it is associated with agricultural and other seasonal work combined with informal job opportunities in urban areas (see Deshingkar 2008 for an overview). Circular migration has been defined differently:

Circular migration is a form of mobility that most closely ties migrants to their countries of origin, and allows them to build bridges between it and other (usually more developed) countries, thereby creating opportunity for the migrant's country of origin to make the most of its comparative advantage (MPI 2007:3 cited in Deshingkar 2008).

Circular migration has been explained in the development literature as a contract of mutual cooperation and insurance between sending families and the migrants themselves, which occurs due to failures in urban and rural markets (see Kuhn's 2000 study on Matlab in Bangladesh cited in Deshingkar 2006).

In general, people engage in circular migration when they have security in the place of origin and a definite contractual period in the place of destination. Therefore, livelihoods are maintained in both places of origin and destination. Some individuals of the household migrate from rural to urban areas as a part of family strategy to ensure the survival of the households (van Velsen 1960:268 and Arizpe 1981:207). In India, people engage in circular migration because land was more secure than the wages in industrial sector (de Haan 1994:81-83). Moreover, Eastern Nigerians lived in dual system: city and village of origin (Gugler 1971 quoted in Gugler 1991:399). Also, in Nigeria, men took long term migration while family remained in rural areas because rural work was manageable by women (Gilbert and Gugler 1992).

Table 6.1
Internal migration pattern in Mongolia: 'Leap' migration to UB

	Other developing countries	Mongolia
Place of origin and circular migration		
Major type of agriculture in the place of origin	Cultivation	Livestock rearing
Assets in the place of origin	Land	Livestock
Housing in the place of origin	Plots of private land and housing	Ger (traditional housing of nomads) and no private land
Major 'push factor' or entitlement failure in the place of origin	Crop failure (due to drought), and no loss of major agricultural asset	Loss of livestock (due to drought and over snowing), the major agricultural asset
Persons who have lost the major asset	There is a long tradition for landless labour to work in-side and out-side village in the agricultural work	It is a new and not common phenomenon to work for different household to rear their livestock
Circular migration		Low (After loss of livestock, livestock breeders carry their ger and move out of the place of origin.)
Family out-migration		High because of low circular migration
Individual out-migration		Low because of high family out-migration
Place of destination and migration to primate city		
Major places of destination	Primate cities, coastal areas, export led zones, middle sized cities, and different villages with more fertile land	UB, the capital city, and the only primate city
Migration to primate city		High as there is only primate city in the country
Economic motive for migration		to informal sector in UB, the primate city (Sec. 5.9, Ch.5), and to formal sector in UB (Sec. 6. 5, Ch.6)
Family in-migration in the primate city		High because of high family out-migration out of the place of origin
Rural-urban migration other than to the primate city		Low because of high migration to the primate city, and therefore, 'leap' migration to UB

Source: Author's construction

However, the major reason for circulation is access to land (Deshingkar 2006). People who have more land are less likely to migrate (Deshingkar and Start 2003). In developing countries, where major agricultural sector is cultivation, land is the major agricultural asset (Table 6.1).

Also, people have other assets in rural areas than land for crops, like housing. Even if people have no land, there is a long tradition to work inside and out-side village in the agricultural sector, in crop agriculture. In other words, in developing countries where major agricultural sector is cultivation, there is an attachment to the place of origin, in terms of other assets and employment opportunities. More importantly, the major push factor or major entitlement failure in the place of origin is not loss of the major asset which is land. It is merely a crop failure, and it is seasonal. Therefore, because of attachment to the rural areas, people engage in circular migration in developing countries where major agricultural activity is cultivation. Deshingkar and Start (2003) listed 16 streams of coping and accumulative migration in only two villages in India. In these cases, migration, especially circular migration is developmental as it can serve both accumulative and coping strategies.

In China and Vietnam, people engage in temporary or circular migration because they want to keep registration in rural areas for land. In China and Vietnam, there are different categories to classify population as residents and non-residents of a particular geographical area. In China, in one township majority of adult persons work in trade sector in the city in most of the year, and return to village for registration for land (Murphy 2005). In China, there is a life cycle circular rural-urban migration because of hukou system. In Vietnam, more than half of migrants tend to have temporary registration for a period of less than six months (Deshingkar et al., 2006b quoted in Deshingkar 2008).

Because of unequal access to land and registration system for land, and as a result of circular migration, in some countries emerged floating populations. In China and Pakistan, there are floating population who migrate as a way of life, and they are most vulnerable and least secure.

Unlike these countries, in Mongolia, circular migration is not associated with land in the place of origin as there is no registration (system) in rural areas for land. It is because the major type of agriculture is live-stock rearing. Crop agriculture used 225.9 thousand hectares of land or 14.4 % of total territory of Mongolia in 2003 (NSO 2004). The vast pasture in rural areas is common property. In other words, in Mongolia,

people are connected with land via livestock. If livestock dies then people have no means to live in rural areas. Livestock, as a major agricultural asset, is not eternal as land. It dies, and therefore, it needs permanent care and watching:

I have got 36 sheep from privatization of Shine-Amidral negdel. After collapse of negdel, I moved to aimag center, and I am working as an accountant in bank branch. I wanted to keep some animals for food. My relatives (who engage in livestock rearing) in rural areas were looking for my 36 sheep, and only after one winter they told me that all my 36 sheep died while their sheep did not die! What I should do, I understood that it is impossible to grow livestock in different household. They have all reasons to claim that my livestock died. I will not see it anyway (Conversation with retired local government officer in Bayankhongor province, in July 2003).

In other words, livestock needs permanent watching. It is difficult to engage in circular migration for people who have livestock (Deshingkar and Start 2003). 'Loss' of livestock serves as a major entitlement failure or major push factor in agriculture in Mongolia (Sec. 6.11.7). In other words, land does not serve as a security in rural areas in Mongolia. Further, if migration is associated with 'loss' in the place of origin then it is likely to be largely unexpected or unplanned. In Mongolia, loss of livestock occurs mainly due to harsh winter, and sometimes in consecutive years. During socialism, this problem was solved via state engagement in the state rural institution, negdel (Sec. 2.5.5, Ch.2 for negdel). After privatization, livestock rearing sector became more prone to natural disaster, and government and international organizations help only to marginally mitigate this disastrous situation. But this is not the area of our research.

Thus, livestock breeders who face loss of livestock do not engage in circular migration, and therefore, circular migration is likely to be limited in Mongolia. Instead they carry their gers (traditional housing) and move out of the place of origin (see Table 6.1), and therefore, family migration is high in Mongolia (MSWL, PTRC and UNFPA 2001).

There is a question if loss of livestock serves as another structural factor for high migration to UB, the primate city, in Mongolia, in addition to the existing economic motive to the informal sector in UB which is given Sec. 5.9, Ch.5.

Place of destination and 'Leap' migration to UB

Migration to primate city is one of the major streams of migration in developing countries (see Sec. 3.5.4, Ch.3). However, there are diverse places of destination for migrants from rural areas in developing countries. For example, in South East Asia, India and China, rural-urban migration refers to migration to many different large cities which are located in different provinces/states, coastal areas and export led zones (see Deshingkar 2006 for an overview). Unlike this, in Mongolia, rural-urban migration mainly refers to migration to primate city. Since transition, people appear to have been pouring to UB from all corners of Mongolia (NSO and UNFPA 2001a). It is similar with Bangladesh. In Bangladesh, Dhaka is the most common destination because it offers greater work opportunities, and most people look for work in the garment industry, rickshaw transport and the domestic sector (see Deshingkar 2008). It suggests that high migration to UB is also associated with less diversity of places of destination in Mongolia.

After migration, some migrants do improve their condition. Majority of in-migrants in UB reported that they improved their cash income (MSWL, PTRC and UNFPA 2001:78). Apart from informal employment, UB is likely to offer greater security/ sustainability of long term incomes in formal sector because of diverse opportunities in formal sector.

However, some in-migrants to urban areas fail to find the expected conditions. In order to make migration successful, social relations are important (Gilbert and Gugler 1992:69). Migrants receive assistance from relatives or friends upon arrival, to find accommodation and jobs (Gore 1971:48-52). Caldwell (1969:122) found that one sixth of migrants in urban areas faced less economic opportunity than they expected. Furthermore, push factors in the place of destination, such as illegal status and no housing in the urban areas, can give necessity to return to village for rural-urban migrants (van Velsen 1960:268). Migrants in UB live in ger districts on the hillsides surrounding the city 'downtown', and therefore, housing cost is likely to be much less than the centre of UB. Also, in UB, the first floor of the apartments, which was used for common space, now tends to be occupied by migrants (author's observation). Moreover, the lowest income groups and those who engage in least attractive occupation are least likely to return to the place of origin as they could not effort transport cost, and they are more easily urbanized in

having weaker networks in their places of origin (Papanek 1975:17&19). Thus poorest migrants are likely to generate urban underclass, and slums in (primate) cities. Therefore, migration to UB may be associated with insecurity and vulnerability, and migration to UB may be at an unhealthy level.

Moreover, many developing countries under reform, for e.g. the Caribbean countries, Philippines and Egypt, have been experiencing increased international migration (Moser et al 1993:23&31). In Mongolia, international illegal migration emerged since transition to the open market system, and South Korea is the major destination for international migration of Mongolia.

In short, migration in Mongolia can be studied using the analytical framework: 'Step-migration' – 'from smaller places to primate city and from primate city to abroad' because of existence of generalised poverty, which results in diverse and complex livelihoods which involve diverse and complex forms of migration. However, internal migration pattern in Mongolia is likely to be different from other developing countries. Migration to primate city in Mongolia is likely to be high because of three structural factors: 1) economic motive to informal sector in the primate city, which is common in the open market system, 2) 'loss' of livestock, major entitlement failure in agricultural sector, which is unique to Mongolia, and 3) less diversity of place of destination or only one primate city in the country which can offer diverse opportunity in the formal sector. In other words, internal migration pattern in the open market system in Mongolia may be 'Leap' migration to UB.

6.3 Definition of migrants in the Primary Survey 'Migration and Formal and Informal Employment, 2003, Mongolia'

In order to study diverse and complex livelihoods which involve diverse and complex forms of migration in Mongolia, we identified persons aged 12+ in our survey by employment status and migration status (Fig. 6.2, and Table 1 in Appendix F). Migrants are defined based on international guidelines developed for developing countries (Sec. 1.8.4, Ch.1)

A migrant is usually defined as someone who has moved from place of origin to place of destination during a given period of time. In our survey, a migrant is a person who moved from place of origin to place of destination in the past five years before the survey. Migrants include

people who have moved for marriage, education or other reasons and not just those who have moved for work.

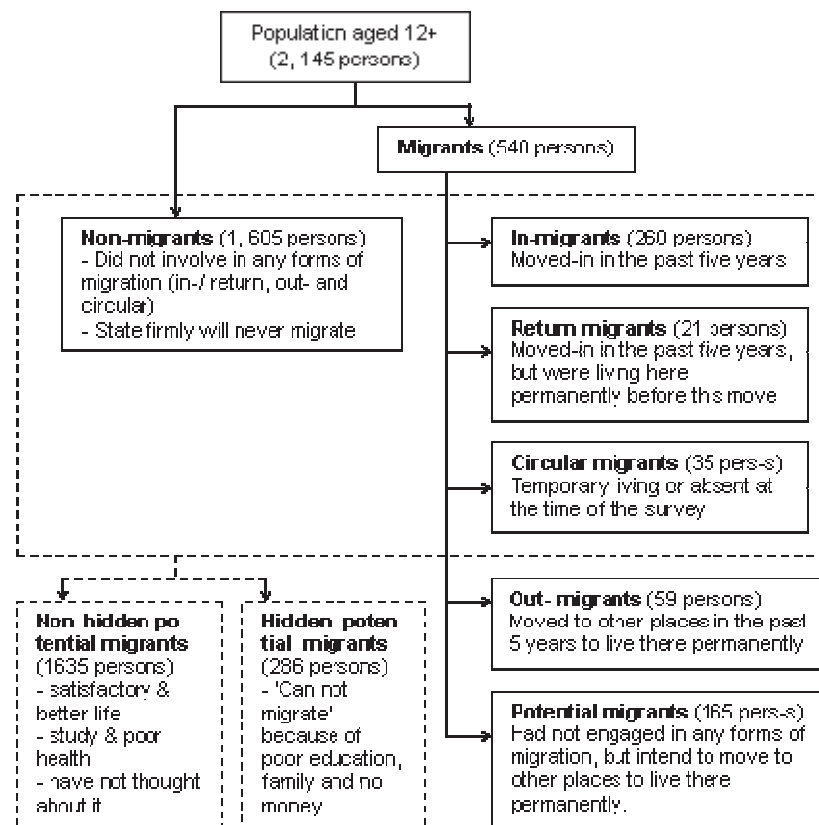
In-migrant is a person who has moved within the past five years before the survey to live in the current place permanently. In-migrants are interviewed at the place of destination directly.

Return migrant, like in-migrant, is a person who has moved within the past five years before the survey to live in the current place (of origin) permanently. But return migrants, unlike in-migrant, lived in the current place before living elsewhere (for six and more months), and they returned with no intention of further migration. In our survey, return migrants to rural areas are not captured, and information about rural life are not based directly on evidence but derived from information given by people who migrated from rural areas. Therefore, our sample may be seen as urban biased (see Sec 1.6, Ch.1 for research settings). Return migrant, like in-migrant, changes permanent place of residence with migration. Therefore, it is different from circular migrant who does not change permanent place of residence and makes many movements of shorter period (less than six months) within the past five years.

Circular migrant is treated as a person who has moved between two places on temporary bases (less than six months) several times in five years before the survey, and temporary absent or living at the time of survey. Temporary (or circular) migration is likely to be underestimated by national statistics because it is difficult to capture (Deshingkar 2006). Acknowledging this problem, and in order to capture circular migrants, temporary living status at the time of the survey was used. It is different from migration status which is based on past five years of the survey. Temporary living status consists of two categories: temporary living and temporary absent. In our survey, temporary (less than six months) absent persons in the place of origin and temporary (less than six months) living persons in the place of destination at the time of the survey constitute circular migrants. Temporary living persons are directly interviewed while information about temporary absent persons was obtained from the remaining members of the household. When we categorise people according to migration status and temporary living status at the same time, there is a risk of double counting of persons who are in different status in terms of migration status and temporary living status. In our survey, cross tabulation of migration status and temporary living status revealed that there are only two cases where in-migrants are circular mi-

grants at the same time, and the survey captured them as circular migrants. It reduces in-migration rate. If such duplications were many then, based on migration status and temporary living status, we could have developed different categories of circular migrants who are in different migration status in the past five years. Also there is a risk of double counting of circular migrants in two places, temporary living and temporary absent. Acknowledging this risk, in our survey, we checked data set using individual characteristics, and found no case of such duplication.

Figure 6.2
Migration status of persons aged 12+, based on past five years



Source: Author's construction

Out-migrant is a person who was a usual resident of the household (a person who lived for more than six months continuously in the household) but who has left the household in the past five years before the survey to live elsewhere for six and more months. Persons who left the household to stay somewhere else for less than six months at the time of survey are therefore excluded from out-migrants, as they are circular migrants. Information about out-migrants was obtained indirectly from the remaining members of the household. There is risk of overestimating migration rate as out-migrants can be counted as in-migrants in the place of destination. Acknowledging this risk, we studied individual characteristics of out-migrants against in-migrants, and we did not find any case of duplication. Furthermore, based on place of destination, we defined international out-migrants. In our survey, international out-migrant is an out-migrant who has left the household to live abroad for six or more months.

Potential migrant is a person who stated that he/she intends to move to live somewhere else permanently. In order to capture potential migrants, we asked about intention of future movement from those who had not engaged in any forms of migration (in-, return, out- and circular) in the past five years, and potential migrants are those who stated that they intend to migrate. We did not ask about intention of future movement from in-, return and circular migrants while they can be potential migrants at the same time. In other words, in our survey, a migrant in the past five years is not a 'potential migrant' at the same time. Potential migrant is similar with non-migrant as he/she did not physically engage in any forms of migration. But the difference is that potential migrant does intend to migrate in the future while non-migrant does not. Furthermore, based on place of destination, we defined international potential migrants. In our survey, international potential migrant is a potential migrant who stated that he/she intends to move to live abroad permanently.

Non-migrant is a person who not only did not engage in any forms of migration (in-, return, out- and circular) in the past five years before the survey but also who does not intend to engage in any forms of migration in the near future. In other words, in our survey, migrants constitute from migrants which engaged in four forms of migration (in-, return, out- and circular) as well as potential migrants, and the remaining persons are non-migrants.

In order to find out hidden potential migration, we asked reasons for no intention for migration from all persons aged 12+, except out- and potential migrants. Therefore, it includes non- , in- , return and circular migrants. Hidden potential migrant is a person who stated that he/she 'can not migrate' mainly because of poor education, family and no money, for reasons for no intention for migration. Non-hidden potential migrant is a person who stated that they have satisfactory & better life, study & poor health, and have not thought about it (See dashed line in Fig. 6.2 and Sec. 6.12).

Table 6.2
Migration rates of persons aged 12+, by forms of migration and place of origin or destination in three locations

	UB	AC	SC
Total - N	1 230	609	306
%	100.0	100.0	100.0
Non-migrant	68.0	85.1	82.0
Migrant	32.0	14.9	18.0
In-	19.6	2.8	0.7
from ACs	7.9	-	0.7
from SCs	6.4	0.7	-
from rural areas	4.9	2.1	-
from abroad	0.4	-	-
Potential	7.3	8.0	8.5
to UB	0.6	7.1	6.5
to ACs, SCs and RAs	0.8	1.0	2.0
abroad	5.9	-	-
Out-	2.2	2.0	6.5
to UB	-	1.5	5.2
to ACs, SCs and RAs	0.7	0.5	0.7
abroad	1.5	-	0.7
Return	0.9	0.7	2.0
Circular	2.0	1.5	0.3

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

6.4 'Leap' migration to UB

6.4.1 Migration pattern in Mongolia - 'Leap' migration to UB

In our survey, by identifying everybody aged 12+ by migration status (Sec. 6.3), we made an attempt to define migration pattern in Mongolia.

We found that among five forms of migration, people are more likely to engage in three forms of migration, in-, potential and out- migration which suggest 'Leap' migration to UB (see the highlighted part in Table 6.2).

In-migration rate to UB is highest, 19.6%. In many developing countries, especially in large and populated countries, like India (see for e.g. Srivastava 2005) and China (see for e.g. Ping and Shaohua 2005), small and middle sized cities serve as major destinations for internal migration. But it is not the case in Mongolia. Instead, about a third of population in ACs and SCs intend to move in the future, and about a third of them intend to move to UB (MSWL, PTRC and UNFPA 2001: 49-56). The major streams of in-migration to UB come from ACs, SCs and rural areas (see also *ibid*:21). Also return and circular migration is negligible in the open market system in Mongolia.

This pattern of 'leap' migration to UB is different from other developing countries. Majority of developing countries have at least two major cities for destination. In Sri-Lanka, two cities, Colombo and Gampaha, are major destinations (see for e.g. Anh 2005), and in Vietnam also two cities, Ha Noi and Ho Chi Min, are major destinations (see for e.g. Ukwatta 2005).

6.4.2 Major sources for 'Leap' migration to UB

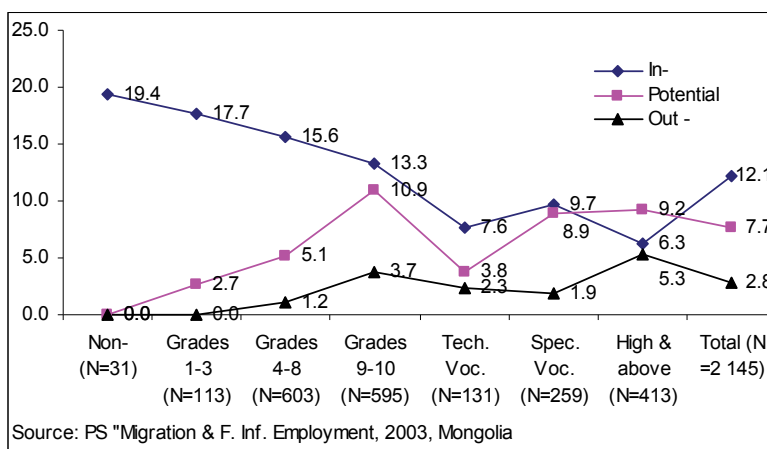
We aimed at studying major sources for the 'Leap' migration to UB, and found that migration to UB is less likely to be selective, as migration phenomenon in general. Instead, there are several different major sources for migration to UB. It was found that individual young people are more likely to move to UB (MSWL, PTRC and UNFPA 2001). In our survey, young people aged 12-29 are more likely to engage in out-migration streams 'from SCs and ACs to UB' (Table 2 in Appendix F). Also, young people aged 12-19 have higher intention to migrate 'from SC to UB'.

Furthermore, when we studied sex ratio² of in-migrants in UB, females dominate among young persons aged 12-29 (Table 3 in Appendix F). Also young females dominate among out-migrants 'from SC to UB' and 'from UB to abroad', and potential migrants 'from AC to UB'. Also, young females dominate among non-workers, majority of whom study (Sec. 4.7, Ch.4). These suggest that young females migrate to UB to study. Migrant girls are more likely to attend school than migrant boys

(MSWL, PTRC and UNFPA 2001). It is different from other developing countries like Bangladesh, Sri-Lanka and Vietnam (see for e.g. Afsar 2005, Ukwatta 2005 and Anh 2005), where female migration is likely to be migration for employment in labour intensive manufacturing, like textiles, garments, footwear and food processing.

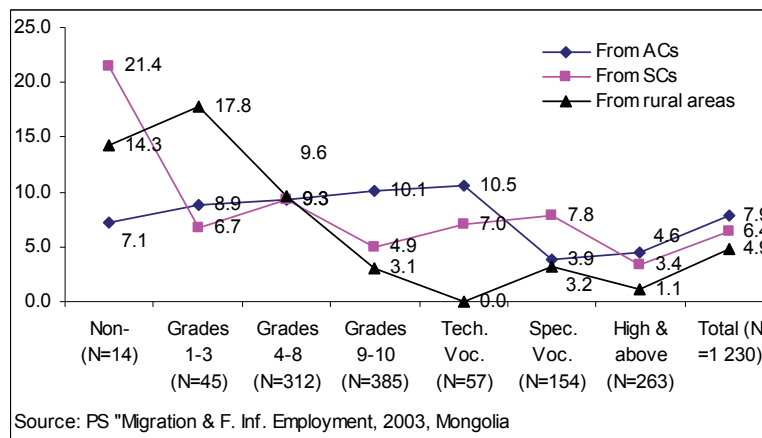
It was found that migrants to UB are more likely to be better educated persons and professionals (NSO and UNFPA 2002b). However, we found that in-migration rate is highest for non-educated persons, a fifth (Fig. 6.3). They mainly come from rural areas. In-migration rate to UB of persons with non- and primary education (grades 1-3) is high for rural areas and SCs (Fig. 6.4). If we look at potential migration, there is no potential migration for non-educated persons and only 2.7% of persons with 1-3 years of schooling intend to migrate. Thus the difference between potential and in- migration rates to UB suggests the other major source for migration to UB: ‘in- migration of poor educated persons from rural areas’. This stream is likely to be dominated by young males who did drop out of school to engage in livestock rearing (NSO and ADB 2004).

Figure 6.3
In-, potential and out- migration rates by education



Apart from young people, people in prime ages engage in migration to UB. In- migration rates in UB slightly differ for young people aged 12-29 and people in prime ages (Table 2 in Appendix F), and males dominate among persons in prime ages (Table 3 in Appendix F). Also, in AC, intention for migration to UB slightly differs for young people aged 12-29 and people in prime ages in AC. People in prime ages migrated 'from UB to abroad'. Moreover, males in prime ages dominate among Inf.BWs (Sec. 5.5, Ch.5) and potential workers (Sec. 4.7, Ch.4). In other words, migration of males in prime ages is likely to be migration of informal and potential workers.

Figure 6.4
In-migration to UB by place of origin



Finally, the major sources include young females, who are more likely to study; young males, who are more likely to be non- or less educated; and people in prime ages, dominated by males, who are likely to be informal and potential workers. Also there are potential sources for migration. It includes persons with 1-3 years of schooling in SC and persons with special vocational education in AC who intend to migrate to UB (see Table 4 in Appendix F), and people with 9-10 years of schooling or school leavers in UB who intend to migrate abroad. More importantly,

major sources and potential sources of migration suggest that migration is less likely to be selective in Mongolia. Instead, majority tend to search for better livelihood opportunities, migrating to UB and abroad.

6.4.3 Livelihood opportunities in UB

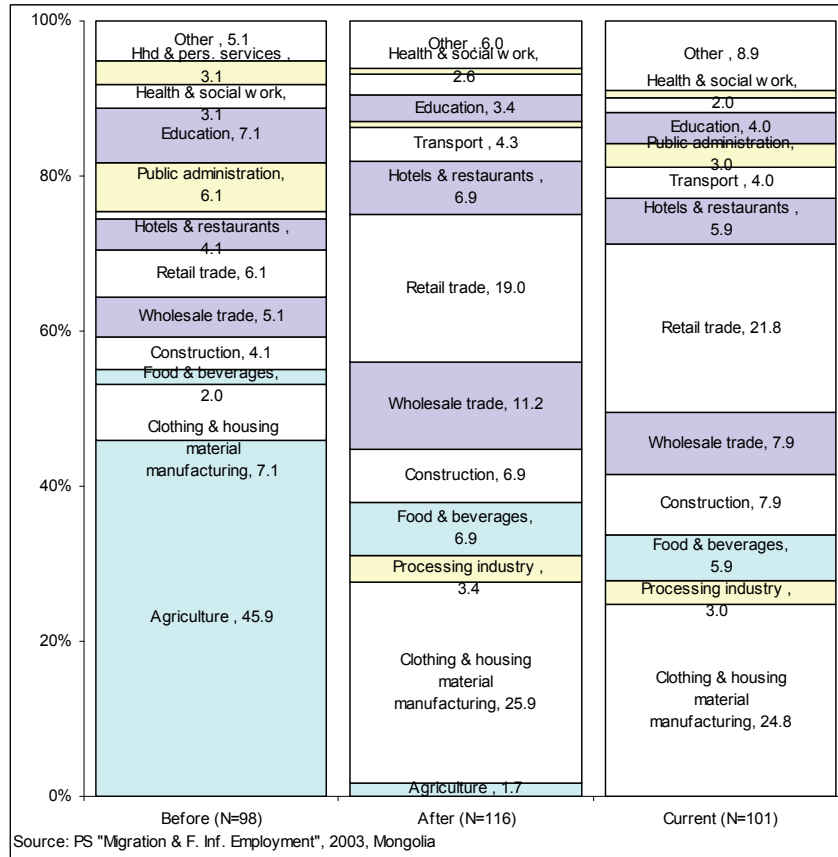
Large cities in some developing countries, like in China, India and Vietnam, offer employment opportunity in manufacturing. In Mongolia, manufacturing is not encouraged by the open market system (Sec. 2.2, Ch.2), and manufacturing is concentrated mainly in UB (Table 5 in Appendix F). Therefore, upon migration to UB, in-migrants, who found work, moved to three sectors in UB: (clothing and housing material) manufacturing, retail trade and wholesale trade (see second bar of Fig. 6.5).

Movement to clothing and housing material (including garment) manufacturing in UB mainly come from SCs and rural areas (Table 6 in Appendix F), and movement to retail trade in UB from ACs and rural areas (Table 5 in Appendix F). Roughly half of in-migrants in UB come from agriculture (see the first bar of Fig. 6.5). Thus migration to UB is associated with movement from agriculture to manufacturing and retail trade.

Migrants also work in construction, restaurant and service sectors in developing countries (see Deshingkar 2008). In our survey, apart from retail trade, there are three sectors, namely construction, wholesale trade, and hotels and restaurants, which are more likely to provide livelihood opportunities in UB. In-migrants in UB who join construction, wholesale trade and hotels and restaurants, the sectors with 50:50 formal and informal compositions (Sec. 5.6, Ch.5), are more likely to come from ACs and SCs. Thus movement out of other sectors than agriculture, especially out of largely informal sectors, like retail trade, is likely to be merely spatial movement. In other words, migration 'from ACs and SCs to UB' is less likely to be associated with changes in industry.

Furthermore, there are only two sectors in UB which continue to recruit in-migrants within five years: retail trade and construction. It is in line with greater rewards in these sectors, especially in the informal part (Sec. 5.10, Ch.5). More importantly, retail trade continues to recruit migrants from all places of origin (Table 6 in Appendix F).

Figure 6.5
Before and after migration, and current job industry structure of in-migrants in UB



Migration to UB is also associated with movement out of the public sector. However, for in-migrants, entrance into public sector in UB is not easy, and migration to UB is likely to be associated with loss of status. Employment in education, public administration and health declined from before to after migration to UB. Among public sector in UB, education is the only sector which did recruit migrants from both ACs and SCs. Within five years of migration, there was movement to public sector

in UB. Movement to public administration and education is increased for in-migrants current jobs. It suggests that entrance to public sector in UB has a 'gestation period' for migrants.

In short, retail trade is the only sector in UB which recruits in-migrants from all places of origin upon arrival, and continues to recruit them within five years of migration, in the open market system in Mongolia. It is different from other developing countries like China and Vietnam where migration to urban areas is associated with movement to manufacturing.

6.5 Migration of informal workers - Significant improvement in (employment) status: from unpaid workers to formal labourers

We found that informal sector has two facets in Mongolia: better income in informal sector in UB, but also potential for entitlement failures in the informal sector (Ch.5). Despite insecurity in informal sector, in developing countries, migrants work in unorganized sectors in urban areas. Similarly, in-migrants in UB are more likely to engage in informal jobs such as craft and related workers, service workers, and shop and market sales workers than non-migrants (NSO and UNFPA 2002b). Also in UB in-migrant households are more likely to rely on informal jobs than non-migrant households (MSWL, PTRC and UNFPA 2001:18-19). But before migration to UB or in the place of origin, in-migrants in UB also had limited livelihood opportunities. They were engaged in informal and largely informal sectors, like agriculture and retail trade (Sec. 6.4.3). Therefore, migration of informal workers is likely to be merely spatial movement. Also males dominate in movement of informal workers (Table 8 in Appendix F).

But we studied change in employment status of in-migrants in UB, we found that migration of informal workers is not merely spatial movement. Instead, type of informal workers changes with migration to UB and within five years of migration to UB, and the change in employment status of informal workers has not been studied in Mongolia. Informal business workers are least migratory, compared with informal labourers, as business is based on the place of origin (Table 7 in Appendix F). But for migrants, the type of informal business changes with migration to UB. There is movement 'from household business to individual busi-

ness', with migration to UB. The share of individual business workers (Ind.BWs) increased almost two times while the shares of household business workers (HBWs) and unpaid workers (UWs) declined four to ten times, from before to after migration to UB (see Fig. 6.6³).

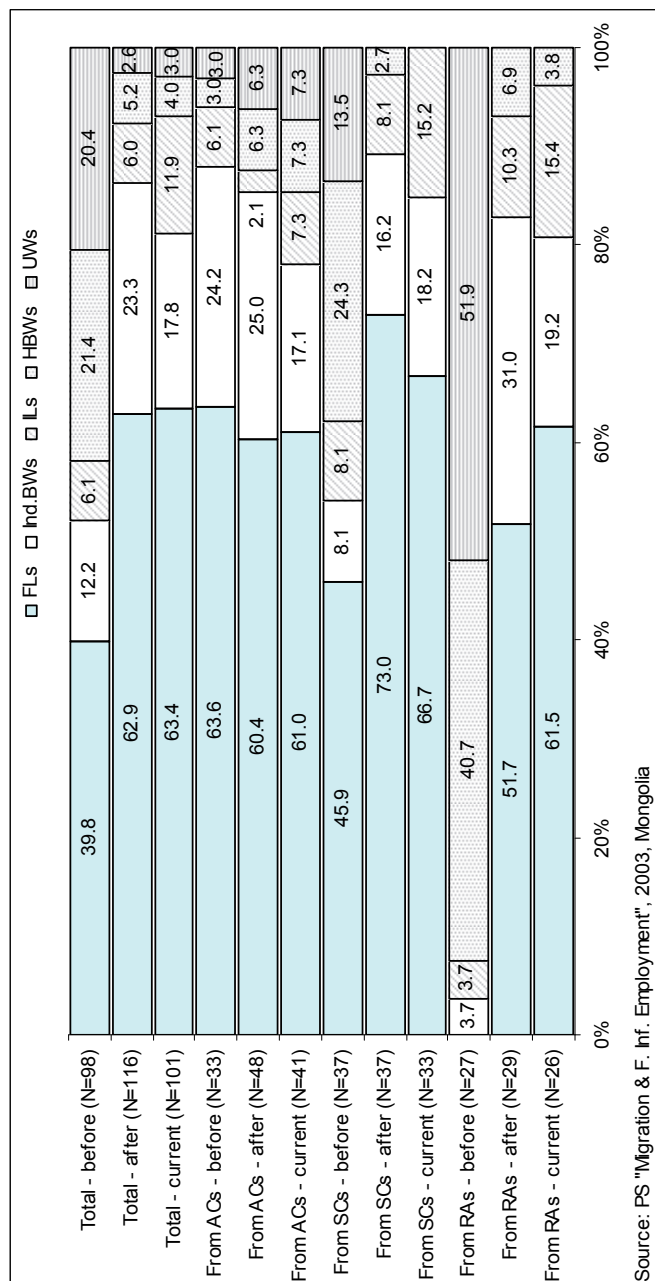
However, despite existing economic motive to informal sector in UB, and because of entitlement failures in informal sector, to engage in informal business in UB is not easy in reality. Migrants in UB are likely to face failures in informal business, due to competition, difficulties, discrimination, and loss, and many in-migrants have to adjust their perceptions of high income in informal sector in UB in the light of experience, and stop informal business and become informal and formal labourers.

Within five years of migration, migrants in UB are less likely to engage in informal business. The shares of Ind.BWs and HBWs declined, from job after migration to current job. On the other hand, the shares of FLs and ILs increased, and the share of ILs increased almost two times. In other words, migration of informal workers to UB is not merely spatial movement for all informal workers, but it is associated with two changes in informal sector: 1) change in type of informal business upon migration to UB – 'from household to individual business', and 2) movement to ILs within five years of migration. In our survey, ILs in UB are most migratory, around half (Table 7 in Appendix F) and movement to ILs is likely to be associated with deterioration in employment status. However, employment as ILs in UB can be enumerative for some people as some ILs in UB earn better than some FLs in ACs and SCs (Sec. 5.9.3, Ch.5).

Furthermore, the major movement of informal workers 'from household to individual business, and then to ILs' does not hold true for migrants from ACs. For migrants from ACs, informal business serves as a temporary destination. Migrants from ACs are more likely to work as FLs and ILs before migration. Upon arrival in UB, they are more likely to engage in informal business. Within five years of migration, the shares of FLs and ILs again increased.

On the other hand, the major movement 'from household to individual business, and then to ILs' holds true for migrants from SCs and rural areas. Migration from SCs is more likely to be associated with deterioration in employment status (or movement to ILs) compared with those from ACs and rural areas.

Figure 6.6
Before and after migration and current job employment status of in migrants in UB by place of origin



Unlike migrants from ACs and SCs, migrants from rural areas were all informal workers before migration to UB. Upon migration to UB, about half of them moved to informal sector, to greater extent to Ind.BWs (ten times increase), and to lesser extent to ILs (three times increase). Some migrant Ind.BWs engage in indigenous manufacturing in UB. One migrant man in the open market ‘Naran tuul’ was speaking about his livelihood in UB:

In the beginning, it was difficult to live in UB. In rural areas, we do not need money/cash everyday. Here in UB, we need money/cash everyday, at least for transport. When I came here (referring to Naran tuul), I have got an idea to produce horse bridle (*baḡaar* in Mongolian language). I buy cattle skin from here and produce horse bridle and other skin made instruments for livestock rearing and sell them here. I never made them to sell while I was in my home place. Here people come from all the corners of the country and I have enough buyers. Now I live comfortable in UB. (Casual interview with 53 years old man who came from Western region, May 2006)

Within five years of migration, there is movement from informal business (dramatic decline in Ind.BWs and HBWs) to formal and informal labourers. This movement, especially movement to ILs, suggests that insecurity and vulnerability increased within five years of migration rather than declined.

However, unlike migrants from ACs and SCs, there is a significant improvement in (employment) status – from UWs to FLs for migrants from rural areas. In-migrants from rural areas moved from household business (about six times decline in HBWs, and disappearance of UWs) to formal sector. The share of FLs, for in-migrants in UB from rural areas, increased from none before migration to 51.7% after migration (Fig. 6.6). Especially, dramatic improvement in employment status did occur for UWs. This suggests another economic motive of migration – to formal sector in UB, as in the Harris-Todaro model. In other words, for people who work as unpaid workers in household business, dependent on family and subject to status in family, there is a motive to become an independent person with their own job and money. In terms of security, there is also a motive to move from informal sector to formal sector, and from household to wider society. This suggests that status in family or family relationship may serve as a ‘frustrating’ factor, which may operate

against migration. In our survey, status in family, as a social factor, was found mainly for young people who have not finished their secondary school and who have not reached age of independent life, age of 18 years, and it did not appear as a major factor which operates against migration for an adult. In our survey, young females were most likely to respond to this motive of 'from UWs to FLs', and it has positive impact for them. Female rural in-migrant was speaking about her and her syster's employment in UB:

Upon arrival, I was helping in my relative's family to watch their baby. Now I work for a rich household as a baby setter, and earn 300 000 turgrics per month. It is nice to live in UB. I work in modern house, in highly educated family, wearing nice clothes and watching nice films. Also my younger syster, two years younger then me, works in a cashmere factory. When we were in rural area, we were doing a lot of work everyday, and we did not earn any money. In rural areas, we have to do plenty of work from cooking to preparing dairy products, and in poor condition with no running water. (25 years old in-migrant woman, July 2003)

Thus movement from unpaid workers to formal labourers suggests that there is an economic motive to work in formal sector and in modern environment in UB. Migration can be positive for some individuals who found a job either in the informal sector or in the formal sector in UB in line with their perception. It is especially positive for those who managed to improve status in society.

However, these success histories are not many. Therefore, at the aggregate level, migration of informal workers has negative impact on security of people, as in-migrants in UB were most likley to work as ILs. If people will have formal employment opportunity in their places of origin or in their home ACs and SCs then they will not migrate to UB to work as ILs and FLs.

6.6 Migration of potential workers

Poorest migrants are less likely to return to their place of origin, and generate urban underclass, and therefore, slums in (primate) cities in developing countries (see for e.g. Papanek 1975). In UB, 'ger district' is growing fast since transition to the open market system (NSO and UNFPA 2001a). Unemployed and potential workers engage in migration to pursue their perceptions about better employment opportunity in UB.

Potential workers, unlike unemployed, did not state that they were looking for a job, and therefore, they are likely to engage in migration to pursue lives in UB without specific job intention. According to our survey, if we include potential workers, work frustration is similar in all the three locations, around 24%, and potential workers exist as a class in the open market system (Sec. 4.7, Ch.4). In UB, unemployment is higher for in-migrants, about a third (NSO and UNFPA:2002b).

Potential workers are most in-migratory to UB (Table 9⁴ in Appendix F), and they are more likely to come from ACs (15.3%). Also potential workers are twice potential migratory than the unemployed both in AC (15.5%) and SC (10.0%). In UB, potential workers intend to migrate abroad only, 10.8%. These suggest that potential workers are more likely to engage in the step-migration (or long journey) 'from smaller places to UB' and 'from UB to abroad' than unemployed. In Albani, majority of potential migrants who intend to migrate abroad are unemployed or employed in the informal sector (Castaldo et al. 2005). Moreover, males dominate in movement of unemployed and potential workers (Table 10 in Appendix F).

However, when we studied workers status of out-migrants, some of unemployed and potential workers got employed after migration to UB (Table 6.3). But the change is small. We argued that potential workers are people whose human capital went for amortization, and they might not got work even if job become available (see Sec. 4.11, Ch.4).

Some potential workers passively look for a job, asking someone else to find them job, and migrate, but fail to work when they found the job too demanding. One potential worker in UB, aged 41 and who lives with his mother, who is in pension, was speaking about his job opportunities in mining field in gobi desert:

I always ask my relatives to find me a job in UB. My second eldest brother found me a good job with a good salary in gobi desert. I went to mining field in gobi desert. It was a construction work. In the beginning, I was enjoying the money which I got and I was working hard. But later, I found difficulties to work, and my head was going around, I got sick. I stayed in gobi desert for about four months and returned to UB. I will never do such work again. (Conversation, September, 2004)

Some potential workers migrate to work but return because of their poor work discipline. One potential worker in UB, 38 years old man,

who lives with relatives, drinks vodka and was not employed for many years, was speaking about his migration to South Korea:

I, together with my syster, registered to migrate to South Korea. When I got approval, I sold my mother's flat, one bed room flat. We bought a small house in ger district, and I used the remaining amount for migration to South Korea. I was employed in sea boat. I can not stand smell from sea food. The boss was very aggressive to me, always commanding. I fought with him one day, and I used stick, and he did send me back to Mongolia in the next day. I stayed in South Korea only 15 days, and I did not want to be slave in South Korea and in any other country. (Conversation, June, 2004)

Some potential workers, when they engage in migration, search for a survival in different ways, but not only to work. In our survey, we found a husband and a wife aged 46, and who have three school going children, and who got entitlement to monthly allowances for sick and invalid persons, about 20US\$ per person per month. Wife was speaking about their migration:

Before privatization, my husband was working as a technician in distance transport government organization and I was working as a baker in local food factory. My husband engaged in distance transport privately for several years, and stopped it because he had sickness when he was driving during winter. We came to UB to treat my husband. But doctor said that his sickness will not be treated easily and he is entitled to the monthly allowances for sick and invalid person. Later, I decided to visit doctor because I also had problem in my leg and blood pressure, and I also got entitlement to the monthly allowances for sick and invalid persons. Monthly allowances are small but it is still better than nothing. We also do not pay for public transport. We worked for the government for about 15 years during socialism, and if we will pay social insurance for five more years then we will be entitled to pension when we will reach age of 60. We never planned to migrate. But now it is better here in UB, and children are going to nearby school. (Interview during field work, August, 2003)

Also, during field work, I found one man, in prime ages, in AC who was speaking about their future migration. According to him, he has a rich relative in UB, and they ask him and his family to come to UB and stay in their compound looking after their house and dogs.

For some potential workers, who intend to migrate, migration tends to remain as a dream only. I found many potential workers who state that they would like to engage in informal business and migrate if somebody will give them money and approval. As I observe, potential workers usually ask others to do something for them and complain that somebody else do not assist them, but themselves remain passive, and sometimes aggressive. Also they dream about having money easily rather than being employed. Therefore, they move to human misery, and join the underclass in the primate city because of being unemployed for a long time. Thus migration of potential workers is more likely to be associated with insecurity and vulnerability compared with migration of informal workers, and not with the change in workers status.

6.7 International migration

International migration is the end point of the step-migration. (Please refer to Section 6.3 for definition of international out-migrants and potential migrants in our survey.) Exactly half of non-migrants in UB intend to move abroad (MSWL, PTRC and UNFPA 2001:100). However, there is no study on international migration in Mongolia, mainly because it is a recent phenomenon. We found that informal workers, unemployed and potential workers engage and intend to engage in international migration (Sec. 6.5 and 6.6). But majority of international potential migrants, especially, unemployed and potential workers, can not migrate because international migration is costly and selective. There is no one who was unemployed and potential workers among international migrants before migration (Table 6.3). Majority of international out-migrants were employed, and the remaining were non-workers (studying). Our data also suggests international migration is associated with insecurity. Before migration, all employed international migrants were working as FLs while after migration, a fifth of international migrants work as ILs. In foreign countries, in most cases people work illegally. Illegal employment in foreign countries is associated with risk (no visit to home country, and no health insurance). This suggests that, in Mongolia, as in other developing countries, people ignore status and face risk for better income which is likely to be obtained in foreign countries.

Table 6.3
International out-migrants: Before and after migration workers status, employment status and occupation

	Before migration	After migration
Workers status - N	21	21
%	100.0	100.0
Employed	61.9	85.7
Unemployed	-	-
Non-workers (studying)	38.1	14.3
Potential workers	-	-
Employment status - N	13	18
%	100.0	100.0
Formal labourers	100.0	44.4
Individual business workers	-	5.6
Household business workers	-	-
Informal labourers	-	22.2
Do not know	-	27.8
Occupation - N	13	18
%	100.0	100.0
Professionals	30.8	-
Teaching professionals	15.4	-
Translators	15.4	-
Clerks	15.4	-
Service workers	7.7	11.1
Industrial workers	7.7	33.3
Operators	7.7	-
Elementary professions	-	22.2
Retailers of construction material	-	5.6
Do not know	-	27.8

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Migration studies found downward shift in occupation with international migration. Out of the Philippines, teachers migrate to work as housekeepers in developed countries (Moser et al. 1993). In our survey, about a third of international migrants worked as professionals before migration. After migration, they work as skilled workers and in elementary professions. For example, after migration, a third of international migrants work as industrial workers. In other words, international migration is associated with downward shift in occupation, from professionals to skilled workers, in Mongolia. It implies that people do ignore qualifi-

cation, education and experience when they respond to economic motives for migration. Our data also suggest that international migration is costly undertaking. When we estimated economic motive indices by migration status (Table 11 in Appendix F), we found that highest income is associated with international migration in Mongolia.

Finally, international migration is ‘super’ – selective in Mongolia, as employed persons with highest rewards engage in international migration. But it is also associated with loss of qualifications, insecurity and risks.

6.8 Reasons for migration: Economic push factors in the place of origin reinforce economic pull and social factors

6.8.1 Analytical framework of reasons for migration: Economic push factors in the place of origin

In previous sections, we presented that migration is high in the open market system in Mongolia, and there is a ‘Leap’ migration to UB. In order to understand migratory behaviour of urban population in the open market system in Mongolia, ‘reasons for migration’ are studied in our research.

People respond to several factors when they migrate. Among number of factors, in the pioneering work on migration, Ravenstein (1885) argued that people migrate because they respond to an economic motive for migration, i.e. economic pull factors in the place of destination. After about a century, Lee (1966) argued that people not only respond to pull factors in the place of destination. Instead, people make decisions about migration based on both pull and push factors which exist in both places of origin and destination. Since then push and pull factors of migration (or reasons for migration) in developing countries have been studied extensively, push and pull dichotomy becomes famous, and there is a long list of traditional and new push and pull factors of migration.

Push factors in the place of origin, for example, include rural poverty, no ownership of agricultural land, population pressure on natural resources, rural technology, relative deprivation (Stark 1991:85-194), need of investment (Sjaastad 1962:93), lack of opportunity at home, unemployment/underemployment in agriculture, natural disaster (persistent

drought), poverty, destitution, caste, cultural factors and desire to break from traditional culture. Pull factors in the place of destination, for example, include gap in rural and urban (actual/expected) wage differentials, perceived employment opportunity, better communication, road and transport networks, 'bright lights' of cities, and better education, health and other services.

Table 6.4
Reasons for migration, and level and major form of migration in the open market system

	Lewis model system	Open market system
Economic motive for migration between two sectors of economy	Does exist	May or may not exist
Economic push factors or entitlement failures in the place of origin	Can be eliminated in the place of origin. - People who faced entitlement failures can be recruited in different sector of economy.	Do exist: 'no job/ no secure job', 'low income' and 'loss' - People who faced entitlement failures have no different sector to be recruited in the place of origin, and therefore, people continue to face entitlement failures.
Economic pull factors	Do exist in both places of origin and destination	Do exist, but in the place of destination only: 'better income', 'search for a job' and 'found a job'. - People respond to economic pull factors in the place of destination in line with economic push factors in the place of origin.
Social factors	Do exist in both places of origin and destination	Do exist, but mainly in the place of destination: - Economic push factors in the place of origin reinforce social factors in the place of destination.
Level and major form of migration	Level of migration is low, and it is limited to the traditional selective (or may be super selective) out-migration	Level of migration is high, and major forms of migration are rural-urban migration and circular migration. Migration is not selective, and major sources of migration are people who faced entitlement failures in the place of origin or who respond to economic push factors of migration.
-	-	Lewis models does not explain migration in the open market system which are associated with entitlement failures in the place of origin

Source: Author's construction

However, economic push and economic pull factors may not coexist in the place of origin (or in the system), and level and forms of migration may differ because of existence of economic push factors for migration in the place of origin (see Table 6.4).

In Mongolia, reasons for migration have been studied in migration surveys (see for e.g., MSWL, PTRC and UNFPA 2001). But economic push factors, economic pull factors and social factors have not been examined separately. In order to fill this gap, in our survey, separate (and open ended) questions were designed for economic push, economic pull and social factors. In our survey, we found 7 different combinations of factors (Table 6.5).

Among them, there are three major combinations: economic (push and pull) and social factors, economic (push and pull) factors only, and social factors only. The three major combinations suggest that economic factors dominate in the open market system in Mongolia, as roughly two thirds of migrants reported economic factors.

Table 6.5
Economic push and pull, and social factors, by location and forms of migration

	UB				AC				SC			
	In-	Return	Potential	Out-	In-	Return	Potential	Out-	In-	Return	Potential	Out-
Total - N	241	11	90	25	17	4	49	12	2	6	26	20
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Economic push and pull, and social factors	30.3	45.5	28.9	24.0	47.1	-	28.6	8.3	-	-	11.5	-
Economic push and pull factors	31.1	9.1	41.1	44.0	5.9	-	16.3	8.3	50.0	-	26.9	15.0
Economic push and social factors	-	-	-	4.0	-	-	-	-	-	-	-	-
Economic pull and social factors	-	-	10.0	-	-	-	-	25.0	-	-	-	35.0
Economic push factors only	-	-	-	-	-	-	6.1	8.3	-	-	7.7	-
Economic pull factors only	-	-	6.7	-	-	-	2.0	-	-	-	-	-
Social factors only	38.6	45.5	13.3	28.0	47.1	100.0	46.9	50.0	50.0	100.0	53.8	50.0

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Among all forms of migration, in-migrants are likely to have all reasons. On the other hand, potential and out-migrants are likely to claim economic factors only, both push and pull, but it may be social factors that prevent them migrating. Out-migrants in AC and SC are more likely to respond to signals (economic pull and social factors) but not to economic push factors.

In our survey, roughly one third of migrants claimed social factors only. It suggests that social factors are strong for people who find no economic differentials between places of origin and destination.

Moreover, economic reasons of in-migrants and social reasons of return migrants suggest that if people will respond to an economic motive for migration then social factors of migration will disappear or people will ignore social factors. These suggest that economic factors reinforce social factors. Also the list of social factors found in our survey (Table 14 in Appendix F) suggested that economic push factors bring social factors. Therefore, in this research, we focus on economic push and pull factors.

6.8.2 Economic push factors in the place of origin are entitlement failures

During socialism, push factors were weak in the place of origin due to commitment to full employment in Mongolia (Sec. 3.2, Ch.3). On the other hand, during transition, push factors emerged as people started to face entitlement failures: 'no job/ no secure job' opportunities, 'low income' and 'loss' (see Sec. 4.6 and Sec. 4.8, Ch.4). In the open market system, one can hear different words, which refer to entitlement failures, such as 'no secure job', 'no secure income', 'no customers', 'low income', 'no cash', 'small market size', 'income is not sufficient for transport', 'I have to support my family', and 'I can not buy lunch', virtually from everyone in urban areas in Mongolia.

In our survey, these words were printed in the responses to the open ended questions on economic push factors. (See Table 12 in Appendix F for the list of economic push factors.) According to the list, the open market system is characterized by the following economic push factors: entitlement failures ('no job/no secure job' opportunities, 'low income' and 'loss') and 'no housing'.

An entitlement failure – ‘no job/ no secure job’ opportunities exists in the open market system because there is no economic sector other than agriculture in the system which would recruit people who have ‘no job’ (school leavers, unemployed and potential workers (Sec. 3.4, Ch.3, Sec. 4.6 and 4.8, Ch.4, and Sec. 5.11, Ch.5).

In our survey, ‘no job/no secure job’ (opportunities) include migrants who stated that they were ‘unemployed’, and there was ‘no job in formal sector’ and ‘no job in informal sector’. ‘Unemployed’ include those who stated that ‘I was searching for a job at the time of migration’, and probably migration was part of the search. Also some of them simply stated that ‘I was unemployed’. ‘No job in formal sector’ include migrants who stated that ‘I can not find secure job’ (in Mongolian language – ‘baingiin ajil oldokhgui’), and it was the most common response.

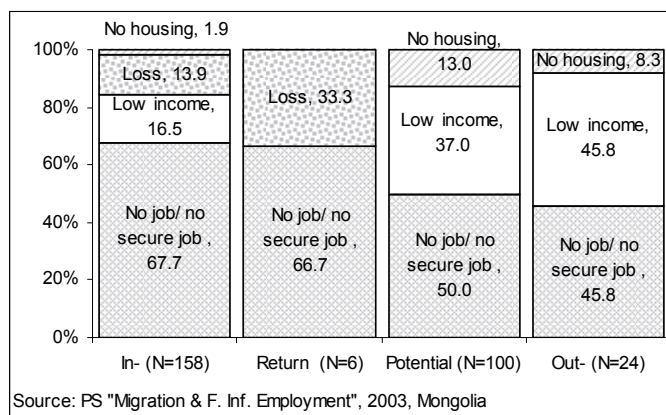
In our survey, ‘low income’ (in Mongolian language- ‘orlogo бага’) was also one of the most common responses. However, many stated specific reasons such as ‘I can not support my family’, ‘I should support my family’, and ‘We can not meet children’s school expenses’. These refer to ‘no breadwinner income’ in the place of origin. These statements are largely found among males in prime ages.

An entitlement failure – ‘loss’ mainly occurs in the informal sector, due to natural disaster and other reasons than natural disaster, and mainly in agriculture in the open market system in Mongolia (Sec. 6.11.7). Livelihoods dependent on livestock rearing in Mongolia became prone to insecurity due to natural forces since privatisation or after collapse of *negdel* (see Sec. 3.5, Ch.3 for *negdel*). This may be due to these forces increasing as well as changes in economic institutions. For example, Bayankhongor aimag lost two thirds of its livestock in two years (2000-2002), first time in its history (NSO 2004).

‘No housing’ also appeared as an economic push factor of migration in our survey. In our survey, ‘no housing’ refers to having no private flat with proper infrastructure, namely with heating system, hot and cool pipe water and sewage and disposal system, in the place of origin. It also refers to having no money to purchase ‘private flat with proper infrastructure’. People are less likely to have an opportunity to purchase ‘housing’ or ‘private flat with proper infrastructure’ because of generalized poverty in the open market system in Mongolia. During socialism, accommodation was allocated from government to people according to their order of registration at the work place. In other words, ‘no housing’

does not refer to lack of resources to rent housing or lack of housing at the place of destination. ‘No housing’ mainly appeared as an economic push factor for potential migrants who intend to migrate abroad and who have perception to earn and save in foreign countries to purchase ‘private flat with proper infrastructure in UB’. However, it has been difficult to buy ‘private flat with proper infrastructure in UB’ because of increase in price. For example, cost of one bedroom flat in micro district where I live, as I observe, increased from 7000 US\$ in 1999 to 40 000 US\$ in 2010.

Figure 6.7
Economic push factors by forms of migration



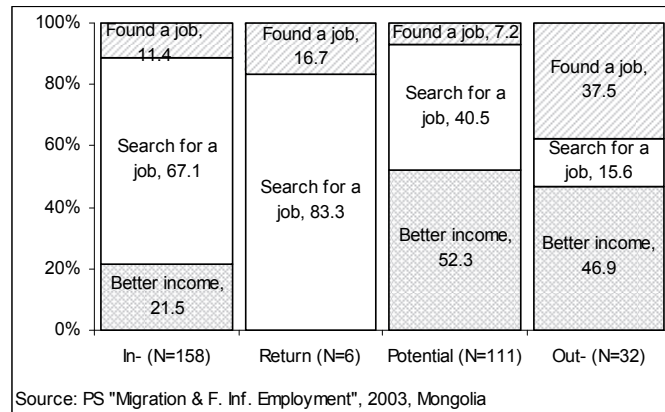
Overall, in our survey, about two thirds of in-migrants (158 out of 260 persons) moved because of economic push factors in the place of origin (see the first bar of Fig. 6.7). ‘Loss’ appeared as a reason for migration for in-migrants in the survey, especially for those who came from rural areas (see Table 12 in Appendix F for place of origin). In other words, the migration of non- or less educated persons (often agricultural workers) from rural areas to UB (Sec. 6.5) is likely to be associated with ‘loss’ of livestock, mainly due to natural disaster and lack of social protection in the place of origin in Mongolia.

Also 'no job/ no secure job' is most likely to be associated with in-migration. 'No job/ no secure job' opportunities in ACs is the main cause for movement to UB (MSWL, PTRC and UNFPA 2001:35). In-migration from ACs is more likely to be associated with 'no job/no secure job' opportunities and 'low income' compared with that from SCs and rural areas. On the other hand, 'no housing' is not a major economic push factor for in-migrants though it is present.

International potential migration is most likely to be associated with 'no housing', about a fifth. Also international out-migration is associated with 'no housing' only. In other words, people intend to migrate and did migrate abroad to purchase housing in the place of origin.

Thus we found that economic push factors operate across all locations and types of work in the 2003 sample.

Figure 6.8
Economic pull factors by forms of migration



6.8.3 Economic push and pull factors are two sides of the one coin

In this section we aim at presenting how people respond to economic pull factors of migration in the place of destination. Unlike economic push factors, economic pull factors are signals rather than pressure.

Therefore, they give room for individual decisions. The majority of migrants did claim to respond to economic pull factors in the place of destination (158 out of 260 in-migrants & 111 out of 165 potential migrants). The list of economic pull factors (see Table 13 in Appendix F) includes 'better income', 'search for a job' and 'found a job', but these are the other sides of economic push factors ('low income', 'no job' and 'loss'), except 'no housing' (see Fig. 6.7 and Fig. 6.8). Also these are in line with other findings as the major reasons for migration to UB were 'come close to market' and 'find a job' (MSWL, PTRC and UNFPA 2001:58).

'Better income' includes migrants who stated that they migrated or intend to migrate to search for better income in the place of destination. Majority of them stated that they search for better income in formal sector, and only tiny share (less than 2%) stated to search for better income in the informal sector.

'Search for a job' includes migrants who stated that they migrated or intend to migrate to search for a job in the place of destination. Migrants are more likely to search for a job in the formal sector than in the informal sector. Here, formal sector refers to employment in large places, like government organizations, foreign invested companies, private large companies, and cooperatives, and in small companies of relatives, friends and strangers.

'Found a job' include migrants who stated that they migrated or intend to migrate after finding a job in the place of destination. Majority of them stated that they migrated or intend to migrate after finding a job in the formal sector, and only one person stated that he/she migrated from AC to UB because he/she found a job in the informal sector.

In-migrants from rural areas are more likely to 'search for a job in the formal sector' than those from ACs and SCs. Especially, in-migrants from SCs and rural areas are more likely to 'search for a job' and 'find a job' in foreign invested and private large companies. In-migrants from rural areas join sewing as well as processing manufacturing in UB. It can be because agricultural workers might lack of skills to engage in urban informal sector. On the other hand, in-migrants from ACs and SCs are slightly more likely to search for a job in the informal sector than those from rural areas. After facing 'no job' opportunities and 'low income', they came to UB to search for better income in UB. It is in line with economic motives to informal sector in UB (Sec. 5.9.3, Ch.5), as well as

in-migration stream 'from informal sector in ACs and SCs to informal sector in UB' (Sec. 6.6). But more than half of in-migrants from ACs and SCs migrate to UB to search for formal employment. These suggest that in-migration to UB is associated with insecurity in the place of origin, and therefore, with search for a more secure and sustainable livelihood in the place of destination.

Out-migrants are much more likely to engage in migration because their 'found a job'. Three quarters of internal out-migrants are most likely to move because they 'found a job' in formal sector: in government organisations, and in newly emerged formal sector, friend's and stranger's small companies. Out-migrants to UB moved to search for 'better income', and in the formal sector only, and majority of international out-migrants moved to search for 'better income'. Thus, out-migration is associated with search for a sustainable livelihood and better income, though arguably for many this is over-optimistic in terms of outcomes.

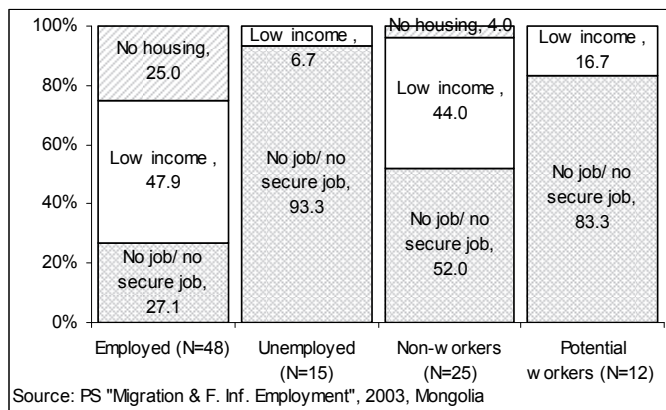
Apart from actual migration (in-, return and out-), other people may see migration as the only way to find a sustainable livelihood. In other words, it is not only people who engaged in actual migration, but also people who have not engaged in any form of migration facing entitlement failures in the place of origin, and intend to search for better livelihood in different places. Potential migrants are most likely to desire a 'better income'. However, economic pull factors for potential migrants differ by place of destination. Potential migrants to UB are more likely to be thinking about a 'search for a job in the formal sector'. Some potential migrants claim that they 'found a job in the formal sector', and mainly in the newly emerged formal sector (relative's small companies). Also people intend to migrate abroad to earn 'better income'. Other people intend to migrate to ACs and SCs only after finding formal job.

On the whole, there is a picture of actual migrants and potential migrants alike being pushed out of the place of origin, and searching for sustainable livelihood, especially formal employment. Further, the fact that people intend to migrate to SC, the smallest place, after finding formal employment there (economic pull factors of migration of potential migrants) suggests it is not the place, small, large or abroad, but it is formal employment or sustainable livelihood matters the most for people considering migrating.

6.8.4 Economic push factors in informal and formal sectors

We found that economic push factors in the place of origin are stronger than economic pull factors in the place of destination in the open market system in Mongolia (Sec. 6.8.3). This section presents that employment, and even employment in the formal sector is associated with economic push factors in the place of origin in the open market system in Mongolia. Economic push factors do not disappear with employment. Potential migrant employed persons stated three economic push factors – ‘no job/ no secure job’, ‘low income’ and ‘no housing’ (Fig. 6.9). In other words, employed persons are not satisfied with their jobs in the place of origin. They intend to migrate because their jobs are not secure, and their income is not sufficient. ‘Low income’ can explain about half of future migration of employed persons.

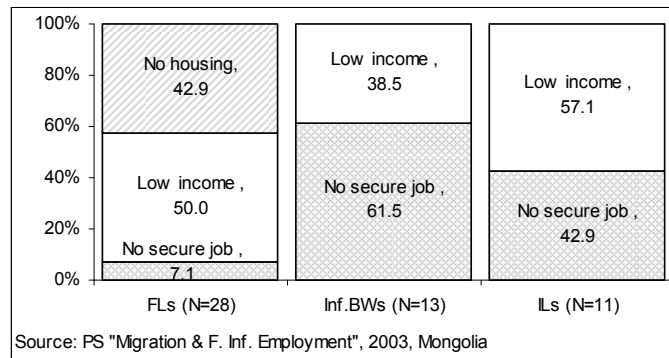
Figure 6.9
Economic push factors of potential migrants by workers status



Furthermore, economic push factors of employed persons differ by informal and formal sectors. Informal workers have jobs, but not all of them are long term secure jobs. ‘No job/ no secure job’ opportunities of employed persons is found mainly in the informal sector (see Table 12 in Appendix F). ‘No job/no secure job’ refers to having no long term jobs, no customers, small market size and customers have no cash. About two

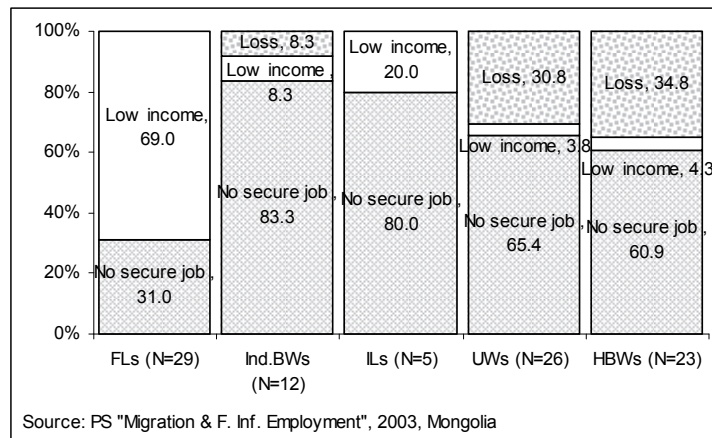
thirds of potential migrant Inf.BWs and half of potential migrant ILs stated 'no job/ no secure job' opportunities as a reason for future migration (see Fig. 6.10).

Figure 6.10
Economic push factors of potential migrants by labour type



More importantly, income in the informal sector is likely to be not secure, short term as well as low, and 'low income' is the other reason for migration of potential migrant Inf.BWs and ILs. Moreover, it is not easy for informal workers, with low income, to save to purchase housing. Also informal sector is associated with 'loss'. In-migrants, who were Ind. BWs, HBWs and UWs before migration, stated 'loss' as a major reason for migration (see Fig. 6.11). Among informal workers, Inf.BWs are more likely to be pushed out due to 'no job/ no secure job' opportunities while ILs due to 'low income'. On the other hand, HBWs and UWs are most likely to be pushed out of the place of origin due to 'loss'. Thus employment in the informal sector is less likely to reduce economic push factors in the place of origin. Instead employed persons in the informal sector have multiple economic push factors, more than unemployed and potential workers.

Figure 6.11
 Economic push factors of in-migrants by employment status before migration



On the other hand, employment in the formal sector is likely to reduce economic push factors, as job is likely to be long term and secure. However, because of low wages, employment in the formal sector in the open market system fails to wipe out economic push factors in the place of origin in Mongolia. Similar with employment in the informal sector, it has low income, although it is secure and long term. Because of low income, it is also not easy to save to purchase housing for formal labourers, and mortgage housing system has not yet developed in Mongolia. Potential migrant formal labourers stated three economic push factors – ‘no job/ no secure job’, ‘low income’ and ‘no housing’, and exactly ½ of them stated ‘low income’ (Fig. 6.10). Thus, employment in the formal sector in the open market system brings only one change, from ‘no income’ to ‘low income’, and it is associated with at least two economic push factors: ‘low income’/ ‘no breadwinner income’ and ‘no housing’. In other words, not only people who have no job, unemployed and potential workers, but also employed persons have economic push factors in the place of origin in the open market system in Mongolia. It is different from dependent socialism where generalized wage employment gives

not only 'breadwinner income' but also other benefits, in kind, like 'housing'.

In short, not only people who have 'no job', unemployed and potential workers, but also employed persons have economic push factors in the place of origin in the open market system in Mongolia. Unemployed and potential workers have three economic push factors: 'no job/ no secure job', and behind it, 'no income' and 'no housing'. Employed persons in the formal sector have two economic push factors: 'low income' and 'no housing'. But employment in the informal sector is associated with more economic push factors than employment in the formal sector and non-employment: 'no job/ no secure job', 'low income', 'no housing' and 'loss'. Thus employment, even in the formal sector, is associated with economic push factors in the place of origin in the open market system in Mongolia. On the whole, the evidence from the survey suggests that the change from a socialist system through a short period of chaotic transition to an open market system has transformed the spatial pattern of entitlements in Mongolia making mass migration a new and significant feature in people's livelihoods. The evidence suggests much of this migration, both actual and potential, is driven by a search for economic improvement, in terms of income and security, after a loss of entitlements in their location of origin. Also the evidence suggests improvements in sustainable livelihoods have been at best very mixed.

6.9 Reasons for no intention to migrate: Hidden potential migration

Our analysis of reasons for having no intention to migrate, given in this section, presents that there is a hidden potential migration, especially among unemployed and potential workers, and in the informal sector in the open market system in Mongolia. On the other hand, it presents that, among others, job, housing, birth place/home community, old age and responsibility in family tend to stop migration in Mongolia. Finally, this section presents that employment in the formal sector in the place of origin is the root cause for no migration as they stated that they have 'satisfactory life' and 'better life' in the place of origin for reasons for having no intention to migrate.

6.9.1 Reasons for no intention to migrate: Hidden potential migration

In our survey, open ended question on ‘reasons for having no intention to migrate’ was designed, and asked from non-potential migrants⁵: ‘Why you do not intend to migrate in the future?’ (see Table 17 in Appendix F for the detailed list).

We found that almost half of non-potential migrants are people who are settled in the place of origin. (In our survey, all non-potential migrants did provide positive reasons for no migration.) They do not intend to migrate because they have ‘satisfactory life’ (3/5) and ‘better life’ (2/5).

‘Satisfactory life’ includes ‘satisfactory job’ and ‘satisfactory housing’. ‘Satisfactory job’ or employment is likely to stop migration in all locations, especially from smaller places. Non-migrants in SC are more likely to state ‘satisfactory job’ as a reason for no migration compared with those in UB and AC. Also all in-migrants in SC stated ‘satisfactory job’ as a reason for no migration out of SC. In-migrants in SC come from ACs to work in infrastructure sector. On the other hand, ‘satisfactory housing’ is likely to stop migration, especially from larger places. Non-migrants in UB are most likely to state ‘satisfactory housing’ as a reason for no migration compared with those in AC and SC. In other words, ‘satisfactory life’ is defined in terms having satisfactory job and housing, as a reason for no migration, but not in terms of psychology. Further, ‘satisfactory life’, as a reason for no migration, does not necessarily express opposite of being in human misery. People in human misery might and might not be psychologically depressed. Some people might enjoy being in a street, doing nothing, and do not regard their situation being in human misery as psychologically depressed (Box 4.2, Sec. 4.11, Ch.4). In our research, we did not study psychology of people.

‘Better life’ mainly refers to ‘birth place/home community’. People in smaller places are more likely to be attached to birth place/home community. Non-migrants in SC and AC are much more likely to state ‘birth place/home community’ than those in UB as a reason for no migration. Also, although the list of ‘better life’ in UB is long, ‘birth place/home community’ dominates. Also return migrants are most likely to state ‘birth place/home community’.

In our survey, more than a third of non-potential migrants are non-workers. For them reasons for being non-workers explain reasons for no-migration. They are mainly young people who are 'studying' and people in 'old age'. In-migrants in UB and AC, and non-migrants in SC are most likely to state 'studying' as a reason for no migration. 'Old age' is more likely to explain migration from UB than from AC and SC. Also return migrants in UB and AC are most likely to state 'old age' as a reason for no migration.

On the other hand, 14.9% of non-potential migrants are people who 'can not migrate' while they want to. This gives a hidden potential migration rate. They can not migrate because of family, poor education and no money. 'Because of family' mainly refers to responsibility in family. People stated that they can not migrate because they need to care for other members of family. Also school going pupils stated that they can not migrate because of status in family, and they mainly stated that parents do not allow them to migrate. In other words, family, as a reason for no migration, does not mean that individuals face pressure in the family but it mainly refers to responsibility before other members of family. Furthermore, like satisfactory life and human misery, hidden potential migration is not explained in terms of psychology, and having hidden potential migration is not indication of human misery.

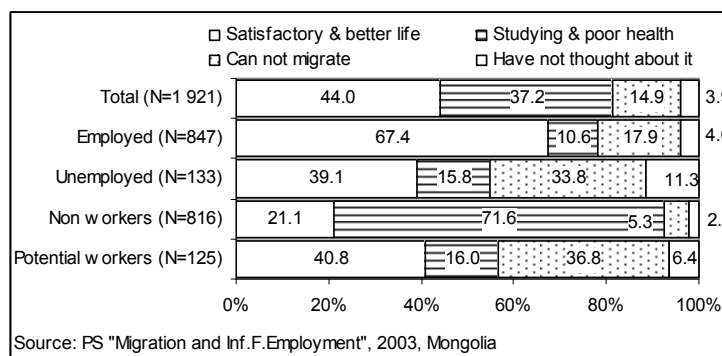
'Poor education' is less likely to be reason for no migration in UB while it is one of the major reasons for no migration in AC.

In short, reasons for no (intention for) migration suggest that only half of non-potential migrants are completely settled in the place of origin. Among others, job, housing, birth place/home community, old age and responsibility in family are more likely to stop migration. UB is an attractive place as there is a long list of factors present for 'better life'. However, smaller places can also be attractive as in- and return migrants in SC are most likely to state 'satisfactory life' due to 'satisfactory job'. These suggest that 'job' is the major reason for no migration in all locations. In addition to it, 'housing' is major reason for no migration in UB. Reasons for no intention for migration suggest that hidden potential migration rate is 14.9% in our survey.

6.9.2 Hidden potential migration is high among unemployed and potential workers

In Sec. 6.91, we found that ‘satisfactory job’ is most likely to stop migration, from smaller and larger places. This section gives reasons for no migration by workers status (Fig. 6.12), and presents that hidden potential migration is high among unemployed and potential workers, people who have no job as might be expected. (See Table 15 in Appendix F for location.)

Figure 6.12
Reasons for no intention to migrate, by workers status



As one would expect, employed persons are more likely to state ‘satisfactory life’ and ‘better life’ as a reason for no migration than people who have no job (unemployed, non-workers and potential workers). However, hidden potential migration rate is significant among employed persons at 17.9%. Hidden potential migration of employed persons is lowest in SC, the smallest place, and it is only ‘because of family’. On the other hand, hidden potential migration of employed persons is highest in UB (more than one fifth). Apart from family, employed persons who have hidden potential migration in AC state ‘poor education’ and those in UB ‘no money’ as reason for no migration.

Also, as one would expect, non-workers are most likely to state ‘studying’ (half) and ‘poor health, disability and old age’ (a fifth) as reasons for

no migration rather than 'satisfactory life' and 'better life'. Among workers status, non-workers have the lowest hidden potential migration (5.3%). They mainly 'can not migrate' 'because of family'. Non-workers in SC, the smallest place, are less likely to have hidden potential migration than those in UB and AC. The major reason for no migration of non-workers in AC and SC is 'studying' while in UB it is 'poor health, disability and old age'. The major reason for hidden migration of non-workers in UB and AC is 'status in family'. Apart from 'status in family', non-workers in UB 'can not migrate' because of 'no money' and in AC because of 'poor education'.

Unlike employed persons and like non-workers, unemployed and potential workers are more likely to state 'better life' rather than 'satisfactory life'. Especially, unemployed in SC is most likely to state 'better life'. Moreover, unemployed persons are most likely to state 'have not thought about it'. Compared with unemployed, potential workers are much more likely to state 'poor health, disability and old age' and much less likely to state 'studying' as reasons for no intention to migrate.

On the other hand, as one would expect, hidden potential migration is highest for unemployed and potential workers, more than a third. Potential workers are more likely to state 'because of family' and 'poor education' while unemployed 'no money' as major reasons for hidden potential migration.

In UB and AC, hidden potential migration is high among unemployed, more than a third, and the major reason is 'because of family'. Apart from family, the major reason for hidden potential migration of unemployed in UB is 'no money' and in AC 'poor education'. On the other hand, there is no hidden potential migration among unemployed in SC, the smallest place.

Unlike unemployed, potential workers in all locations have hidden potential migration. Hidden potential migration of potential workers is highest in UB (43.0%), and among all workers status in all locations, and the major reason is 'no money' (17.2%). To lesser extent, they also state 'because of family' and 'poor education' as reasons for no migration.

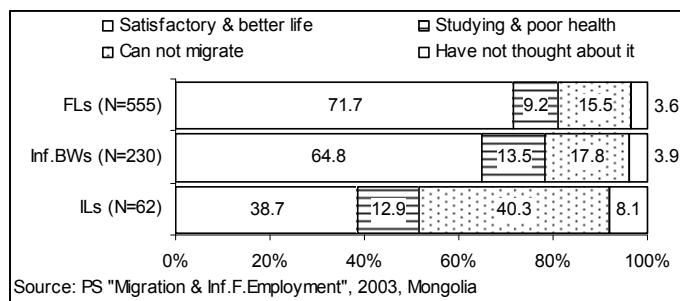
In short, non-workers are least while unemployed and potential workers are most likely to have hidden potential migration. But some employed persons in the open market system also have hidden potential migration. The major reason for hidden potential migration is 'because

of family'. Apart from family, 'no money' is major reason for no migration in UB, and 'poor education' in AC. Among all workers status in all locations, potential workers in UB have the highest hidden potential migration, and the major reason is 'no money'. In other words, potential workers are most likely to be associated with not only potential migration (Sec. 6.6) but also with hidden potential migration.

6.9.3 Employment in the informal sector is likely to be associated with high hidden potential migration

In Sec. 6.9.2, we found that, in our survey, one fifth of employed persons have hidden potential migration. This section gives reasons for no migration by labour type (Fig. 6.13), and finds that employment in the informal sector is likely to be associated with high hidden potential migration. (See Table 16 in Appendix F for location)

Figure 6.13
Reasons for no intention to migrate, by labour type



Employment in the formal sector (FLs), especially in smaller places (AC and SC), is more likely to be associated with 'satisfactory life' and 'better life'. Employed persons in the formal sector (FLs) are most likely to state 'satisfactory life' (more than half) as a reason for no migration than those in the informal sector (Inf.BWs and ILs). Moreover, FLs in smaller places (AC and SC) are more likely to state 'satisfactory life' than those in UB. Also FLs are more likely to state 'better life' than ILs. In smaller places (AC and SC), employed persons both in the formal and

the informal sectors are more likely to state 'better life' or 'birth place/home community' as reasons for no migration than those in UB.

On the other hand, in line with economic motive to informal sector in UB (see Sec. 5.9.3, Ch.5), employed persons in the informal sector in UB (Inf.BWs and ILs) are more likely to state 'satisfactory life' than those in AC and SC.

Employment in the formal sector, especially in smallest place (SC), is less likely to be associated with hidden potential migration. FLs in UB are more likely to have hidden potential migration than FLs in AC. The major reason for hidden potential migration of FLs in UB and AC is 'because of family'. Apart from family, FLs in UB can not migrate because of 'no money'. But there is no hidden potential migration among FLs in SC.

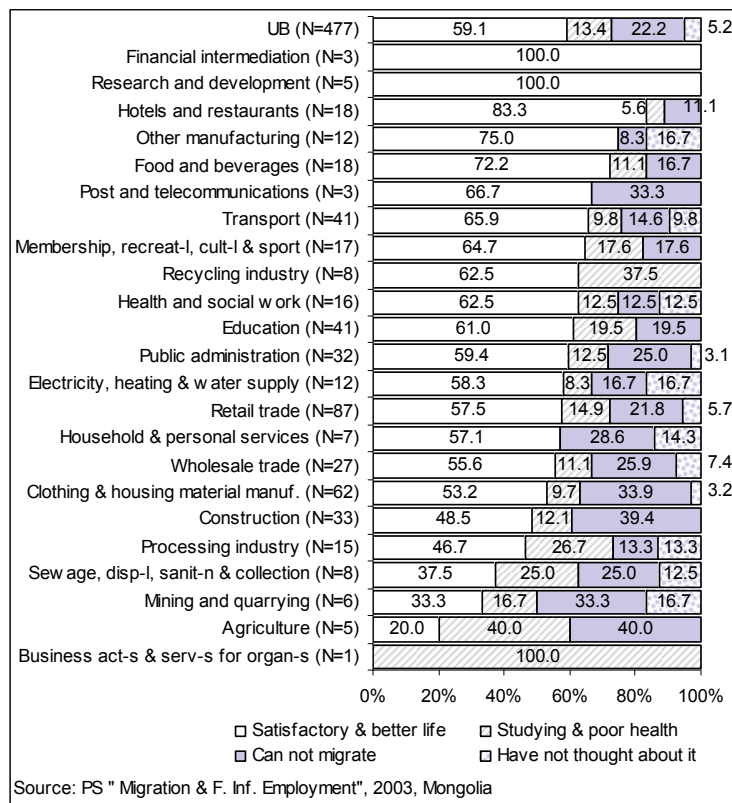
On the other hand, employment in the informal sector in all locations is associated with high hidden potential migration. Among all informal workers in all three locations, ILs in SC (half) have the highest hidden potential migration, and the major reason is 'because of family'. Also Inf.BWs in UB (more than one fifth) have high hidden potential migration, and the major reason is 'because of family'.

In short, employment in the informal sector is associated with high hidden potential migration. Among labour types, ILs, especially in smaller places, AC and SC, have the highest hidden potential migration, due to 'studying', 'because of family', 'poor education' and 'no money'. Moreover, Inf. BWs and FLs in UB have higher hidden potential migration than those in AC and SC. On the other hand, FLs in SC, the smallest place, do not have hidden potential migration.

6.9.4 Employment in the formal sector in the place of origin is the root cause for no migration

We found that employed persons in the formal sector in SC have no hidden potential migration (Sec. 6.9.3). This section gives reasons for no migration of employed persons by industry in UB, AC and SC, and presents that retail trade is associated with hidden potential migration in all three locations, and more importantly, employment in the formal sector in the place of origin is the root cause for no migration.

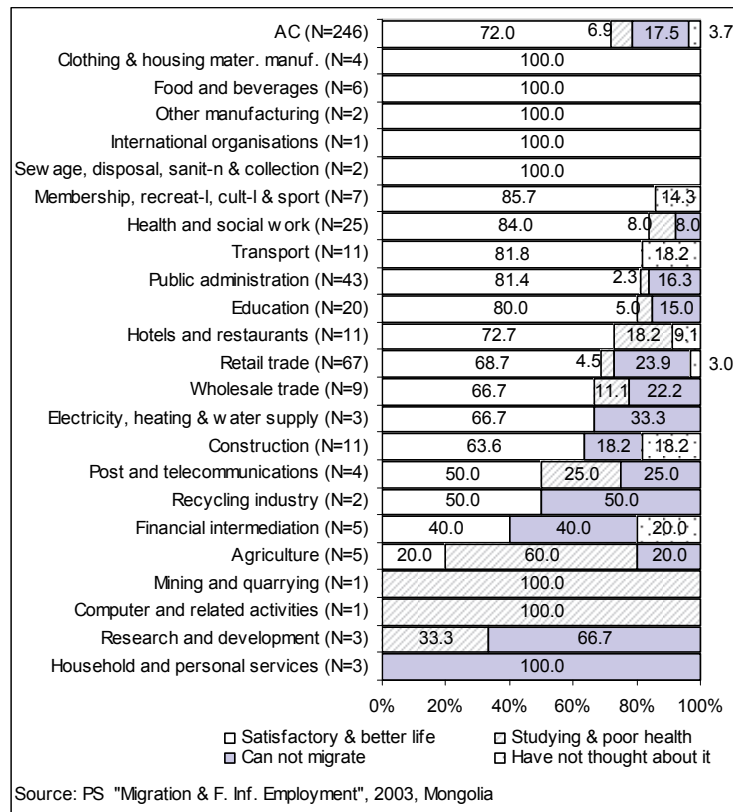
Figure 6.14
Reasons for no intention to migrate, of employed persons in UB, by industry



In UB, more than a fifth of employed persons have hidden potential migration (Fig. 6.14). In UB, there are only two sectors which are not associated with hidden potential migration: financial intermediation, and research and development. Moreover, there are only four sectors where majority (more than two thirds) of employed persons have no intention for migration: hotels and restaurants, manufacturing (other than clothing and housing material) and post and telecommunications. On the other hand, employed persons in the remaining sectors in UB are less likely to be settled. More than a third of employed persons in construction, agriculture, clothing and housing material manufacturing, and mining and

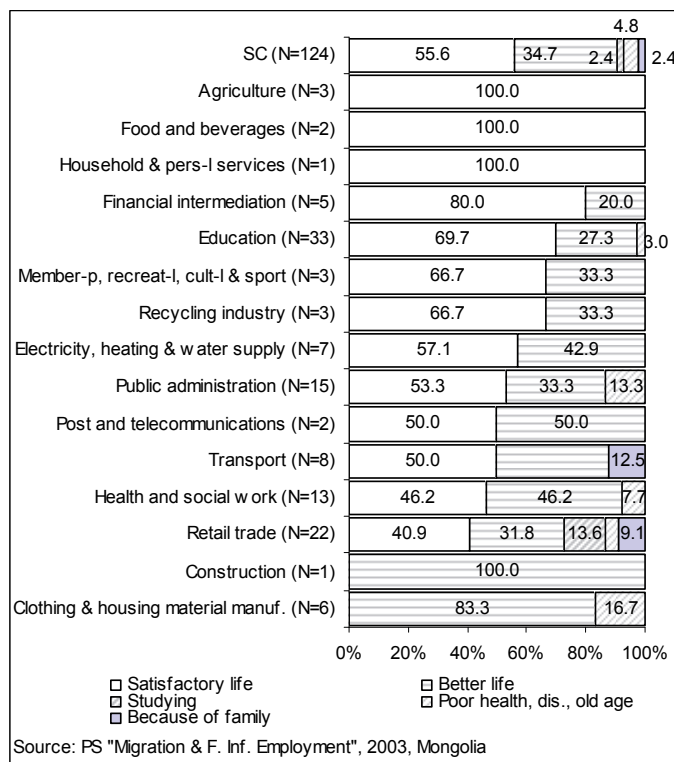
quarrying have hidden potential migration. More importantly, public and infrastructure sectors in UB are associated with hidden potential migration: electricity, heating and water supply, public administration, education and health. Also, retail trade in UB, the sector of the open market system, is associated with hidden potential migration, a fifth.

Figure 6.15
Reasons for no intention to migrate, of employed persons in AC, by industry



In AC, hidden potential migration of employed persons is slightly lower than that in UB, less than a fifth (Fig. 6.15). Moreover, there are many more industries which are not associated with hidden potential migration in AC than in UB. Also in AC, compared with in UB, in many more industries, majority of employed persons (two thirds) have no intention for migration. Moreover, in AC, unlike in UB, public sectors are less likely to be associated with hidden potential migration. In AC, the sectors which are associated with the highest hidden potential migration are electricity, heating and water supply, recycling industry, financial intermediation, research and development, and household and persons services. Moreover, like in UB, retail trade in AC is associated with high hidden potential migration, 1/5.

Figure 6.16
Reasons for no intention to migrate, of employed persons in SC, by industry



There is almost no hidden potential migration among employed persons in SC, only 2.4% (Fig. 6.16). Similarly, unlike in UB and AC, public sectors in SC are not associated with hidden potential migration. There are only two sectors which are associated with hidden potential migration in SC: retail trade and transport.

In short, retail trade, the major sector of the open market system, is associated with high hidden potential migration in all three locations, around 1/5 of employed persons. In UB, majority of industries are associated with hidden potential migration, even public sectors, like education and health. On the other hand, in SC, there are only two sectors which are associated with hidden potential migration: retail trade and transport. Especially, public sectors (public administration, health and education) in SC are not associated with hidden potential migration. It suggests that employment in the formal sector in the place of origin is the root cause for no migration in the open market system in Mongolia. Finally, if migration is evidence of livelihood dissatisfaction then the survey evidence suggests discontent is widespread.

6.10 Conclusion

In the conceptual framework, we argued that an economic motive of migration is given in terms of greater value added that could be generated in the informal sector in the place with large and diverse demand market as there is no economic motive of migration in the place of origin between two sectors of economy, like in Lewis model, in the open market system (Sec. 3.5.4, Ch.3). In Ch.5, we did present that our major research proposition holds true, and informal sector has two facets in the open market system in Mongolia: better income, and insecurities and vulnerabilities. This chapter studied migration in the open market system in Mongolia where informal sector has two facets.

At the beginning of this chapter, based on cause and effect relationship between poverty and migration, we constructed relationship between forms of migration and livelihoods which makes 'step-migration'. In line with our construction, people engage in five forms of migration, and the major form of migration is 'step-migration', and major stream is migration to UB in the open market system in Mongolia. In other words, in line with our proposition, we found different pattern of internal migration in Mongolia from other developing countries: high migration to

UB, because of less diverse places of destination, and negligible circular migration because of major type of agriculture which is associated with loss of livestock in the place of origin.

Also we found that migration is less likely to be selective, young and better educated persons, in Mongolia. Instead, majority tend to search for better livelihood opportunities, migrating to UB and abroad. More importantly, major sources of migration to UB include people who do not have intention to migrate – young people, dominated by non-educated young males, who were engaged in agriculture.

We studied migration stream to UB by economic sector, and found that retail trade is the only sector in UB which provides livelihood opportunity for in-migrants from all places of origin upon arrival, and continues to recruit them within five years of migration, in the open market system in Mongolia, as UB offers less diversity, only one more industry which is processing industry. We found three major migration streams of employed persons to UB – stepwise movement ‘from agriculture to manufacturing and retail trade’, spatial movement from largely informal non-agricultural sectors ‘from ACs and SCs to UB’, and migration stream from public sectors ‘from ACs and SCs to UB’, and found that growth of UB, due to migration, is not associated with structural shift from agriculture to industry, and there is a spatial movement of informal workers due to limited livelihood opportunity both in places of origin and destination. These major sources present that migration is unlikely to be developmental in the open market system in Mongolia.

Therefore, we studied migratory behaviour of informal workers and found that there is a spatial movement of informal workers in the step-migration and males dominate in this movement. In terms of labour type, Inf.BWs is least migratory (as the business is based on place of origin) while ILs are extremely migratory, and males dominate in many streams of ILs. More importantly, we found that migration of informal workers is not merely spatial movement but migration to UB is associated with change in employment status. Migration to UB is associated with 1) change in type of informal business from household to individual business, and 2) movement to ILs. For migrants from ACs, migration to UB is associated with spatial movement in terms of employment status, FLs and Ind.BWs, and informal business serves as a temporary survival destination. Migration from SCs is more likely to be associated with deterioration in employment status (or movement to ILs) compared with

those from ACs and rural areas. On the other hand, migration from rural areas is associated with significant improvement in (employment) status, from UWs to FLs. It is another economic motive of migration, 'from unpaid to paid employment', in addition to economic motive to informal sector in UB. In other words, there are two economic pull factors of migration in the open market system in Mongolia: to informal sector in UB and to formal sector in UB. Migration is likely to be positive only for few individuals who managed to obtain job in line with these economic motives in UB.

However, migration is likely to be negative at the aggregate level because major sources of migration which engaged in migration due to economic push factors of migration in the place of origin fail to find informal or formal jobs in the place of destination. Apart from informal workers, unemployed and potential workers also engage in the step-migration to search for a job. We found that migration of unemployed and potential workers is likely to be merely spatial movement because there was a less change in workers status (for migrants or) after migration, and males dominate in the spatial movement of unemployed and potential workers. Potential workers are more migratory than unemployed. It is because majority of potential workers fail to work even if they find a job with migration or without migration. More importantly, for some potential migrants, migration and employment are likely to remain as a dream because potential workers are people whose human capital went for amortization due to being unemployed for a long time, and potential workers eventually join the underclass in cities. Further, potential workers in UB are most migratory, mainly abroad. Thus migration in Mongolia has negative impact for well being of people.

Apart from migration to UB, we also studied international migration, the end point of step-migration. We found that international out-migration is 'super' – selective, and it is likely to be spatial movement of employed persons and people with highest income. People not only ignore status and profession/qualification but also face risk for better rewards in foreign countries.

In order to understand high migratory behaviour of people in the open market system in Mongolia, we analysed reasons for migration. Three separate open ended questions on reasons for migration were designed in our survey: economic push, economic pull and social factors. We found that economic push factors are likely to be merely entitlement

failures in the place of origin: 'no job/ no secure job', 'low income', 'loss' and 'no housing'. Also we found that economic pull factors are merely reflections of economic push factors, if the later are already in work. In other words, economic push and pull factors are two sides of the one coin, if the former are already in work. Furthermore, economic push factors bring social factors as different economic push factors are associated with different social factors. Therefore, and more importantly, we found that economic push factors are stronger than economic pull factors and social factors in the open market system in Mongolia as economic push factors bring up and wipe out economic pull and social factors, if the former are already in work, not only for workers (or breadwinners) but also for non-workers (or dependents).

Therefore, we analysed economic push factors in depth, and found that, among economic push factors, 'no job/ no secure job' opportunities bring up other economic push factors – 'no or low income', 'loss' and 'no housing'. Employment in formal sector fails to wipe out economic push factors of migration as it is associated with 'low income' and 'no housing'. Also employment in the informal sector is associated with more economic push factors than unemployment, due to 'loss'. Moreover, all industries are associated with economic push factors in the open market system in Mongolia. Agriculture is mainly associated with 'loss' while retail trade with 'cash shortage'. These suggest that high level of migration in the open market system in Mongolia is associated with economic push factors of migration, and therefore, migration is unlikely to be developmental in Mongolia, and Lewis model fails to explain migration which is associated with entitlement failures in the place of origin.

However, our study reasons for no (intention for) migration suggested that creation of formal employment in the place of origin can eliminate entitlement failures or economic push factors in the place of origin. In our survey, we found a long list of reasons for no migration. Reasons for no migration suggest that there is a hidden potential migration in the open market system. In terms of workers status, potential workers are most likely to have hidden potential migration. Also a fifth of employed persons have hidden potential migration. Employment in the informal sector is more likely to be associated with hidden potential migration. However, in terms of location, hidden potential migration tends to be high in UB and AC but not in SC, the smallest place. Also reasons for no

migration by economic sectors suggest that retail trade is also associated with hidden potential migration, especially in UB and AC. On the other hand, employed persons in formal sector in SC have no hidden potential migration. It suggests that employment in the formal sector in the smaller locations is the root cause for no migration.

More importantly, reasons for no migration explain why all people of Mongolia are not in UB now while all industries are associated with entitlement failures and there are two economic motives to informal sector and formal sector in UB. We found that formal employment together with birth place/home community explain no intention for migration to UB.

Thus our research suggests that in order to explain a strong tendency to migration it is important to study place of origin, as well as entitlement failures and economic push factors prevailed in the place of origin.

Notes

¹ Misemployment was defined by Gugler (1982:177) referring to the jobs which contribute little to social welfare but could be employed full time. These include begging, prostitution and street vendors.

² Females dominate in urban areas in Mongolia, due to male bias in livestock rearing and reverse gender gap in education (NSO and UNFPA 2001a). Feminization of migration results in feminization of urban areas in Mongolia. In line with it, we found more females in our survey (sex ratio=85). In our survey, females not only dominate in urban areas but also they are slightly more migratory than males.

³ When we studied employment status of in-migrants in UB, workers status of in-migrants in UB (241 persons) is changed: employed persons increased from before (98 persons) to after (116 persons) migration, and declined for current (101 persons) employment.

⁴ Here we study migratory behaviour of *de-jure* population in the past five years (2,086 persons), that is excluding out-migrants (59 persons) in the past five years from the *de-facto* population (2,145 persons).

⁵ In our survey, 92.1% was non-potential migrants, 1,921 persons out of 2,086 *de jure* population aged 12 +. Non-potential migrants include non-, circular, in- and return migrants who do not intend to migrate in the future.

7

Conclusion: The Making of Insecure Livelihoods

7.1 Introduction

This research has studied people's experiences and responses, and major migration streams since transition to a open market system in Mongolia. From the point of sustainable livelihoods, the thesis seeks to understand diverse and complex urban livelihoods (or urban labour market) which have emerged in the open market system in Mongolia. This has involved diverse and complex migration, broken down into smaller, medium and larger urban areas in the fieldwork. In this context, we aimed at identifying major types of economic activities, major streams of migration and major reasons for migration. On the route to understanding migration, we looked at the ways in which people have found new occupations, and no occupation; and moved to the informal sector.

In order to find out the structural feature of migration in the open market system, we conceptualized the role of migration in the transition and in the open market system, and put forward proposition that, in the open market system, an economic motive of migration (a signal for an individual of greater rewards after migration) is given in terms of greater rewards (or value added) that can be generated in informal sector in the place which is characterized by large and diverse demand market, in primate cities (Sec. 3.5.4, Ch.3).

As we are dealing with structural factors, we aimed at understanding the changes in the political and economic system in Mongolia or the process of transition to the open market, and we studied macro economic and export performances in three periods: socialist (1921-1989), transition (1990-1995) and open market system (1996-2003). We found that, despite images of greater freedom under liberalised political and economic system, in the open market system, at the macro level, Mongolia

does experience dependent capitalism with new forms of structural external imbalances, which is heavily dependent on China, at the meso level, Mongolia has experienced unbalanced regional growth, concentration in one city, UB, and at the micro level, people face widespread entitlement failures (Sec. 7.2). Also in the open market system, Mongolia became insecure in terms of self-sufficient sustainable development as majority of economic sectors are associated with increasing livelihoods insecurity (Sec. 7.3). Agriculture, the major sector historically, is subject to unpredictable fluctuations due to natural disaster and the powers of buyers from China. In urban areas, retail trade is the major sector which provides livelihood opportunity and keeps urban areas and urban people, in the absence of encouragement of manufacturing after its collapse in the transition period.

Our micro level study also revealed that, in the open market system, people became also insecure. Lifetime security which prevailed during dependent socialism collapsed and formal unemployment emerged. Although people became free to move in the open market system, labour movement was mainly associated with entitlement failures in the place of origin rather than positive signals of possible livelihood improvements (Sec. 7.4). As a result of insecure labour mobility, new insecure classes, namely potential workers and informal workers emerged in the open market system in Mongolia. Emergence and growth of such classes in the system threaten sustainable livelihoods. Potential workers emerged after facing entitlement failures, failing to find new employment locally, they have stopped searching for local employment but are prime candidates for migration, and their possibilities of migration are associated with entitlement failures in the place of origin rather than positive signals (Sec. 7.5). Compared with potential workers, the situation of informal workers is slightly better. Engagement in informal sector has two facets. An economic motive is given to move into informal sector, mainly into informal retail trade, in the primate city, and at the same time, informal sector is also associated with continuing entitlement failures, and therefore with increased insecurity (Sec. 7.6).

After understanding the system, and people's experiences and newly emerged classes in this system, we studied migration since transition to the open market system in Mongolia. We found that migration pattern in Mongolia is different compared with other developing countries mainly due to major entitlement failure in rural areas, loss of livestock (Sec. 7.7).

Due to loss of livestock, circular migration is negligible in Mongolia, and due to limited diversity in places of destination, rural-urban migration tends towards UB, and therefore, the major stream of migration in Mongolia is migration to UB, as the 'primate city' in Mongolia. We found that economic push factors in the place of origin, together with diversity in places of destination, tend to dictate the pattern and streams of migration, though people often move in insecure hope than real expectation of improved livelihoods.

Further, we studied reasons for migration, namely, economic push, economic pull and social factors of migration, and we found that economic push factors are entitlement failures in the place of origin, and these are the root cause for high migration to UB in Mongolia (Sec. 7.8). In other words, we found three individualistic factors which give structural factors for high migration to UB in Mongolia: 1) an economic motive of migration to informal (retail trade) sector in UB, 2) major entitlement failure in agriculture, loss of livestock, and 3) entitlement failures in informal sector, due to insecure job opportunities. More importantly, all these structural factors do exist because of absence of an economic motive for movement between sectors of economy in the local place of origin in the open market system. It is different from the socialist system where planned collective actions produced more integrated local economies with less insecurity in the face of 'natural forces'.

As a result of studying labour mobility over time, economic activity in 2003, and migration, we found that reasons for stopping jobs (or reasons for labour movement), reasons for not working (or reasons for being potential workers), and reasons for migration are similar in the open market system, in Mongolia. They are due to entitlement failures in the places of origin rather than healthy growth in urban economies. Our study also suggested that formal employment, in the public sector, is the root cause for no intention for migration, even from smaller places.

Thus based on our findings and solutions, we are in a position to argue that if an economic motive will be created for movement between agriculture and manufacturing in the place of origin then entitlement failures or economic push factors of migration in the place of origin will be reduced, and more importantly, potential workers will be recruited, unemployment rate will be limited to the frictional unemployment, informal sector will be limited to meet local needs rather than distribute imports, and migration level and pattern will be limited to educated, na-

tionally and internationally high value human capital out-migration only (Sec. 7.9). Thus our research suggests that, for improving insecure livelihoods and reducing high level of migration, changing conditions in the places of origin matter the most.

7.2 Open market system in Mongolia: Macro, meso and micro levels

During transition, liberalization policies opened the economy of Mongolia to wider world, including to China. (Here it is worth to mention that during socialism, China was closed country for Mongolia, and change was dictated from Moscow.) In the open market system, in place of local value added processing industry, garment manufacturing, with mainly Chinese direct investment, emerged, and therefore, complementarities in economic structure in Mongolia collapsed. Furthermore, terms of trade of agricultural goods compared to Chinese imports declined in the open market system in Mongolia (Sec. 2.4, Ch.2). Through these processes, Mongolia became dependent economy on China, as China became the major trade partner, and therefore, 'price maker' and 'policy maker' for agricultural raw materials of Mongolia. Therefore, livestock rearing, the traditional industry, became associated with unpredictable price fluctuations, due to unpredictable behaviour of Chinese traders. In addition to this, agricultural sector experienced a severe crisis after collapse of *negdel* and disappearance of local government/state support, as well as suffering from natural disaster. Thus, in line with our argument, our macro level study revealed that Mongolia is experiencing dependent capitalism dictated by China, the giant neighbour, in the open market system, and it implies that the system setting designed by IMF and WB ignores economic giants, and consequent insecurity and vulnerability of small economies.

Also, unlike socialism, the open market system is dismissive of the meso level. The IMF and WB policy packages set the system at the macro level only (or via some macro economic measures/tools) and tend to leave meso and micro levels to market forces (see also Sec. 3.3, Ch.3). Our meso level study suggested that the open market system is destructive of economic growth in smaller places, like SC (Sec. 2.5, Ch.2). We found that there was a shift from triple to single responsibility for administration of a local governor in SC during transition. In SCs, in the

open market system, unlike during socialism, governors are no longer responsible for economic entities, like *negdels*, and therefore, for social entities like boarding schools and hospitals. Also, because of no dynamic economic sector in the SC, the local governor can not support social sectors, economically. These imply that the open market system neglects local governance, social sectors and inequality in the place of origin.

Also, according to economic motives for migration (Sec. 5.9, Ch.5), the open market system is destructive for smaller urban locations and encourages larger urban locations in the country. We found that SC is a 'sending place' only. Also there was no 'migrant from rural areas' in SC in the past five years before our 2003 survey. Instead, people who move out of rural areas, skip SCs, and directly move to ACs and UB. AC has 'few secure job' opportunities and there is only 'formal and informal mixed trade sector', as the only sector which emerged in the open market system (Sec. 2.5.2, Ch.2).

UB gives not only diverse opportunities to engage in informal jobs due to larger market size, but also and more importantly, better and diverse opportunities to engage in formal jobs, such as state, private and foreign invested companies, and NGOs, and serves as the major place of destination for migration in Mongolia. But especially, in terms of location, an economic motive of migration is given to informal retail trade sector in UB (Sec. 5.9, Ch.5).

However, there is limited livelihood opportunity in UB as it had only one different sector, the processing industry (Sec. 6.4.3, Ch.6) compared with ACs. Therefore, movement of unemployed and potential workers in 'the leaping-migration' is likely to be merely spatial movement, not taking up new, higher value added occupations in dynamic, productive sectors (Sec. 6.6, Ch.6), and increases the pool of unemployed and potential workers in UB.

Due to migration, in the 13 years since the socialist system was abandoned (1990-2003), slums were created in UB (or in Mongolia). In UB, 'ger districts' grew, and can be characterised as the slums in a Mongolian context in UB. The newly emerged 'ger districts' were constituted from migrants who have 'no job', and who search for survival mainly informally. In other words, slums in UB are increasing in the open market system because the system is dismissive of meso level.

At the micro level, people in Mongolia suffer facing three types of entitlement failures in the open market system: 'low income', 'no job/ no secure job' and 'loss'. As Keynes would argue, despite its image of encouraging market forces and liberalization, the system setting of the open market system had negative impact on aggregate employment and economic growth due to government powerlessness. In line with this, 'low income' appeared as a major entitlement failure, and therefore, 'reasons for stopping jobs', 'reasons for not working', and 'reasons for migration' in the open market system in Mongolia. 'Low income' reinforces other entitlement failures. Because of absence of demand in the place of origin, there is 'no job/ no secure job' in the place of origin. Also 'loss' is driven because of insecure employment, mainly in livestock rearing.

7.3 Economic sectors in the open market system

Our research suggested that all economic sectors had been associated with vulnerability since transition to the open market system in Mongolia (Table 7.1). As one would expect, public sector is the most secure sector as it provides long term formal employment. However, it is associated with entitlement failure 'low income', and therefore, does produce some migration to UB. In order to stop migration of government officers, doctors and teachers out of the places of origin, it is desirable to increase their wages to have 'sufficient wages', and more importantly, to create wage differentials across regions in the country to favour isolated places, as during dependent socialism.

Agriculture is associated with 'loss' due to natural disaster, with no collective mitigation, and therefore, with livelihood security damaging migration to UB. In order to stop movement out of agriculture, agriculture needs to be not only encouraged but also protected. Looking back, economic structure changed 'from complementarities to mono-agriculture' in the place of origin. In former socialist countries, it was common to construct agro-industry complex (in the place of origin). In the absence of agro-industry complexes, rise and fall of agriculture is dictated by Chinese traders while rise and fall of manufacturing is dictated by Chinese investors in the open market system in Mongolia. The rise and fall of garment manufacturing created new entitlement failures in the system. Moreover, manufacturing was concentrated in UB only, and therefore, people in other urban areas (ACs and SCs) had to migrate to UB to

engage in manufacturing. Thankfully, some cases of such agro-industry complexes have emerged in Mongolia in the open market system, after my field work. According to TV news in 2006, in Selenge aimag, flower oil production agro-industry complex was constructed with technical assistance from Canada, and in Uvs aimag cash cropping was encouraged with assistance from Japan. However, it is desirable that the agro-industry complex (or diversification) in the place of origin be expanded to cover all areas. Only then, agricultural and agro-industry employment will become more secure, and number of potential workers and potential migrants decline.

Similar thing can be said with regard to mining and quarrying. Mining and quarrying is circular migratory, and it fails to create healthy urban economies in the open market system in Mongolia. Mining and quarrying can be developed as during socialism but spatially alongside light-industry. In retrospect, planning during socialism was sensitive to sustainable livelihoods, by acknowledging the rights of people to have work in their places of origin.

In the absence of agro-industry and/or mining-processing complexes, at the macro level, the country faces deficit in the balance of payment, and at the micro level, people survive engaging in retail trade, distributing imported goods. In other words, retail trade is the industry which keeps urban (people or) areas and gives a element of livelihood security in the open market system in Mongolia, and paradoxically also reproduces national economic dependence and insecurity.

Moreover our study suggested that encouragement of infrastructure sector, including construction, with no encouragement of manufacturing is likely to be counter-productive in terms of sustainable macro-economic growth. We found that infrastructure, including housing, is essential like electricity for manufacturing, and becomes redundant when manufacturing collapses.

Table 7.1
Economic sectors in the open market system

Major changes during transition	Labour movement during transition	Providing livelihoods	Vulnerabilities	Migration
Retail trade				
-first privatised -first recovered -did not collapse	- stepwise movement to retail trade - emergence of retailers and traders who faced loss of human capital related qualifications	-major industry which gives livelihoods in all urban areas, for all types of labour	- informal work related difficulties - entitlement failures: no secure job, low income and loss - cold weather - dependence on wholesale monopolies - high rent, which is not controlled by government - health because of cold weather	- less migration out of the sector during transition - only sector which continues to recruit migrants within five years of migration - hidden potential migration
Agriculture				
- collapse of negdel after privatization -livestock rearing stood up while all other sectors collapsed - severe crisis of crop agriculture (Spoor 1996)	- loss of wage employment - movement 'from rural institution 'negdel' to household' - temporary movement to agriculture during transition, even from public sectors - loss of qualifications - emergence of unemployed, potential workers and 'collectors', the underclass	- major industry which provides livelihoods in rural areas	- lack of collective protective measures - lack of management from local government - loss due to natural disaster is a major entitlement failure - vulnerable due to having a single major buyer 'China'	- high migration to UB only - unplanned migration out of agriculture, after facing 'loss' - planned migration in response to economic motive for migration – 'from unpaid workers to formal labourers'
Mining and quarrying				
- did not privatise and collapse	- no significant movement out of as well as to the sector - emerged private, foreign invested and informal mining & quarrying	- limitations in providing livelihoods - not a urban sector	- environmental pollution - insecurity for local people - foreign investors engage in mining only (and they remove and go) - vulnerable due to having few buyers	- most circular migratory sector

Major changes during transition	Labour movement during transition	Providing livelihoods	Vulnerabilities	Migration
Manufacturing				
- did collapse mainly due to collapse of international trade	- collapse of light industrialisation - emergence and closure of garment manufacturing, mainly Chinese invested - emergence of unemployed, potential workers and 'collectors', the underclass	- concentration in UB only	- emergence and closure are dictated by foreign investors	- high in-migration to UB (people have to migrate to UB in order to engage in manufacturing)
Construction				
- did collapse together with manufacturing, as establishments dissolved	- emerged private and informal construction - emergence of unemployed, potential workers and 'collectors', the underclass	- provides limited formal and informal livelihoods	- collapse, growth and decline depends on collapse, growth and decline in manufacturing, and mining and quarrying	- migration to UB
Public sectors				
- did experience relatively less changes - establishment dissolved (boarding schools) - establishment shrunk	- less movement to retail trade - less movement to unemployed and potential workers - no emergence of 'collectors', the underclass - movement to non-workers, mainly due to retirement	- provides secure formal employment	- low income - no housing	- migration to UB - hidden migration to UB

Our meso level study also showed the same (Sec. 2.5, Ch.2). In Mongolia, there are many places which are abandoned during transition, and not recovered after transition up until 2003. I was told that a construction material production company is one of the establishments which collapsed during transition in Murun AC of Khuvsgul aimag. I visited this place and found an abandoned place: broken buildings of establishment/company and housing (flat) of workers, and roads and electroconnections were destroyed. Put simply, when people lost their livelihood working in construction material company (with collapse of the company after privatization), they left the place, and even their homes with running hot and cold water, to search for new jobs and livelihoods.

7.4 Labour mobility since transition to the open market system: Age, gender and education

Although labour became free to move in the open market system in Mongolia, labour mobility since transition is associated with number of qualitative changes, and increased insecurity and vulnerability. In Mongolia, older generation who spent their prime ages in socialism enjoyed lifetime security while young people became more mobile. As a result of collapse of lifetime security maintained during socialism, not only open unemployment but also potential workers, people who were available for work but not actively seeking for work, and therefore, formally economically inactive by conventional labour force definitions, emerged, and found in substantial numbers in our survey (see Sec. 7.5). Also informal sector emerged, with individual business as the major destination (see Sec. 7.6).

Although labour mobility increased, effective employment movement was limited during transition as well as in the open market system in Mongolia. More than two thirds of people who stopped their jobs in informal sector stopped because of entitlement failures. Furthermore, we found that migration was not a positive livelihood enhancing response to new opportunities. Instead migration was a response to entitlement failures – ‘no job/no secure job’, ‘low income’ and ‘loss’. People are unlikely to stop their jobs for the sake of migration. More importantly, people who faced entitlement failures do not migrate immediately, but at first they search for a job in the place of origin. This suggests that people are reluctant to migrate and would be much less likely to migrate if they will have a secure job in their places of origin.

We found some interesting findings with regard to gender with age and sex disaggregated data analysis. In transitional literature, it is often argued that females are disadvantaged in the newly emerged labour market. But we found that the cost of labour market changes during transition is more likely to be borne by males rather than females. Males are more likely to constitute potential workers, and more likely to be involved in uncertain migration in the open market system in Mongolia. But women do have at least six burdens in the open market system in Mongolia:

1. Productive	1. Productive (labour intensive work) to raise household income
2. Reproductive	2. Reproductive duties
	3. Psychologically depressed non-salary husband/potential worker-husband
	4. Violence from non-salary husband
	5. Unpaid domestic work
	6. Household management (Moser et al. 1993)

Our list of burdens of women implies that women support ‘non-salary husbands’/ ‘potential worker-husbands’ in the open market system in Mongolia. It is different from socialism. In socialism, women were encouraged to have a good education and a good job in order to be independent from men, but not to support men. Logically, it opens the question whether the open market system is associated with exploitation of women in the sense of bearing disproportionate costs of adjustment. Furthermore, ‘reasons for stopping jobs’, ‘reasons for not working’ and ‘reasons for migration’ suggest that men know that they should have ‘breadwinner income’ to support their wives and children, since men will not swap productive duties for reproductive duties. Such attitudes imply that there is a contradiction between biological and social construction and political and economic construction of gender in the open market system in Mongolia. These issues can be studied further. In the whole labour force, analysis of labour mobility by age and sex, revealed that lack of work experience was most important for triggering events like entitlement failures and subsequent decline in effective human capital. Recent or continuously practiced education, qualification and skills are important characteristics to have a job, stay out of human misery, and therefore, for productive labour mobility. During socialism, under universal coverage of education, everybody (male and female; poor and rich; Muslim and Buddhist) with no discrimination with regard to gender, background, religion and ethnicity was obtaining roughly equal education opportunities in Mongolia. During transition, there was a departure from universal education, due to a fall in local government responsibility, and after 70 years, uneducated persons emerged in Mongolia again though schools were still available (Sec. 2.5, Ch.2). Also loss of human capital effective qualifications did occur because of no employment, mainly due to mismatch between popular qualifications (managers, translators, ac-

countants and lawyers) and new occupations (retailers and traders, and collectors) in the open market system in Mongolia (Sec. 4.9, Ch.4).

In order to search for survival, after facing entitlement failures and loss of qualifications, people were transforming themselves in Mongolia, learning new skills informally and formally, via mainly short term courses learning new skills, like English language, not only to search for a new livelihood but more importantly to remain in the same job. During transition, people who were holding their jobs faced with less suffering (only decline in real wages, like myself) than those who were forced to search for a new livelihood. It suggests that human capability of transforming oneself into the new condition matters to cope with events, like mass entitlement failures during transition, in Mongolia. But such individual responses may suffer from fallacies of composition at the collective level.

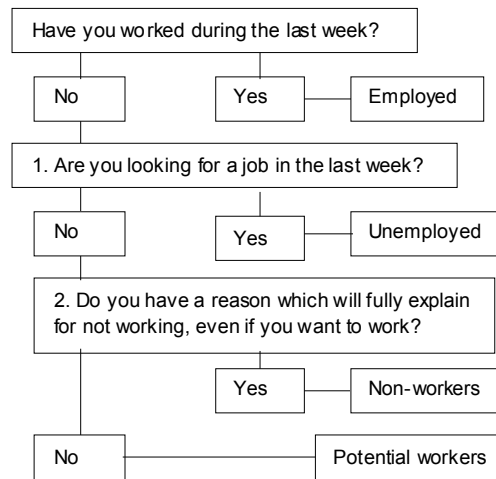
On the whole, labour mobility since transition to the open market system is associated with entitlement failures rather than changing relative price signals in Mongolia.

7.5 Unemployed, potential workers, human capital and human misery in the open market system

Unemployed and potential workers are newly emerged in the open market system in Mongolia. Formal unemployment has been measured by the international standard censuses and surveys in Mongolia while potential workers, who were mainly generated due to long term unemployment, have not been identified and counted until our survey. Our research demonstrated that potential workers can be captured via reasons for not working. In our survey, the author studied the reasons for not working in the fieldwork sample, and divided them into two groups.

According to Fig. 7.1 population in working ages can be divided into worker's status, as employed, unemployed, non-workers and potential workers, and no one will be categorized under 'other' category of 'reasons for not working'.

Figure 7.1
Question on reasons for not working: Workers status



Source: Author's construction

Here, it is important to explain what do we mean reasons which will fully explain not working. It refers to reasons which do not allow persons to work even if they want to work, like studying, sickness, disability and pregnancy. Non-workers have these kinds of *actual and real* 'reasons for not working'. On the other hand, potential workers have no such reasons not to work. Instead, entitlement failures are likely to be reasons for not working by potential workers. Also potential workers tend to have no real and actual reasons for not working but they are likely to have perceptions about no job opportunities. As to their origins, potential workers emerged from long term unemployment. Therefore, it is also possible to ask about duration of unemployment from those who are 'not employed' and who are 'not looking for a job'. However, duration of unemployment can be complicated to define potential workers, in terms of data collection as well as processing. But the stepwise questions given in Fig. 7.1 are straightforward to define workers status.

In our survey, the number of potential workers was similar to number of unemployed. We also studied potential workers by age, sex and educa-

tion, and found that people with secondary education, majority of whom are school leavers, are likely to constitute potential workers in all three locations. Also males in prime ages are more likely to constitute potential workers. Due to male bias in livestock rearing, 'non-educated young males' are more likely to constitute potential workers in SC and AC while 'high educated young females' in UB.

Also we found that potential workers 'search' for work passively by keeping networks alive. In most cases, potential workers ask others to look out for jobs. Also we found that potential workers, among other workers status (non-workers, unemployed and employed persons), are most potentially migratory. Also we argued that, in most cases, migration of potential workers is likely to remain as a dream because potential workers are experiencing amortization of human capital. We found that hidden potential migration is high for potential workers as for the unemployed (Sec. 6.9.2, Ch.6). But actual migration of potential workers only increases the number of potential workers, people who are in human misery, in UB.

Human misery can be regarded as a condition of a total loss of human capital or a condition of no recovery of human characteristics or capabilities as human capital even if a job becomes available (Sec. 3.4.2, Ch.3). We found that movement of potential workers in the labour market is likely to be associated with movement into misery (Sec. 4.11, Ch.4). People moved into misery simply because they faced entitlement failures, including loss of a job, several times. In other words, anyone, who failed to find a job, can land in human misery. In Box 4.1, Ch. 4, I described a case from my surroundings who moved 'from a high class untouchable to a low class untouchable'. I can describe many more cases. Movement of highly educated people into human misery suggests that, apart from scientific education or books, 'soft skills', such as 'learn to live', 'learn to learn' and 'learn to work', which are accumulated via working (experience), are important for human capital system. In our survey, males aged 30-39 were most insecure while males aged 40-49 were most secure during transition in Mongolia. In 1990, when transition started, males aged 40-49 in 2003 had 10 or so years of work experience in the command regime while males in 30-39 in 2003 were entering into labour. It also suggests that, among human capital, work skill or work experience, matters the most for protection against events, like mass entitlement failures during transition, in Mongolia.

Furthermore, under ‘no job’ opportunities in the place of origin (or in the system), in order to avoid human misery, people with ‘no job’ may engage in misemployment (drug selling, theft), and their human capital become subject to misuse. Put simply, for people, who have ‘no job’, it may be better to do something (e.g. be a prostitute, a member of a local ‘mafia’) instead of doing nothing. These imply that the open market system is vulnerable to misemployment. In other words, these are the ways of moving out of human misery under ‘no job’ opportunities, and are the by-products of ‘no job’ opportunities.

However, we did not study psychology of people who moved into human misery as we defined human misery in abstract, technical terms of total loss of human capital only. In order to undertake measures for people who moved into misery to bring them back into society, there is a need to study their psychology carefully. Their psychology is likely to be complex to understand. In Box 4.2, Ch.4, I described the situation where people in human misery, who collect rubbish cans and bottles, refused government support in order to be free in the street.

In short, potential workers have emerged as a structural class in the open market system in Mongolia. They are passive, asking others to look out for a job. They experience amortization of human capital and can land in human misery. Human misery is created due to long term lack of valued work activity and use of capabilities. More importantly, potential workers are most unsettled with possible implications for behaviour in the place of origin, and most likely intend to migrate in the future. But their actual migration increases number of potential workers in UB only. Therefore, in order to reduce migration and human misery, potential workers need to be recruited in the system (or in the place of origin) via creating secure and decent jobs.

7.6 Informal sector in the open market system

Informal sector re-emerged in Mongolia during transition, after about 70 years. We aimed at understanding newly emerged diverse and complex urban livelihoods in Mongolia. We found that diverse types of employment status emerged during transition in Mongolia (Sec. 5.3, Ch.5). Roughly half of job change (of employees) is associated with change in employment status. In other words, there was a shift ‘from pure formal sector to formal and informal mixed’ economic system in Mongolia.

In order to study informal employment and informal sector, we developed Classification of status in employment for Mongolia (CSEM-2003) and Classification of production units for Mongolia (CPUM-2003), based on our survey and ILO guidelines (Appendix D). Based on these, and also on ILO guidelines, we developed conceptual framework to define the size of informal sector in Mongolia (Sec. 5.2, Ch.5). We found not large difference between informal employment and informal sector, and also that one third of employed persons work in informal sector in Mongolia.

Although major industry of the informal sector is retail trade, informal sector creates an economic motive for migration to larger places (Sec. 5.9.4, Ch.5). Furthermore, we found substantial income differentials in informal sector. Inf.BWs in UB earn highest income in Mongolia, in our survey. Income of ILs in UB stands out, it is much better than ILs in SC and AC. Some ILs in UB can earn as much as FLs. However, income in informal sector varies depending on job. Income of Ind.BWs and paid workers has the highest variation, because they are spread across diverse occupations.

More importantly, informal sector is associated with entitlement failures in the open market system in Mongolia (Sec. 5.11, Ch.5 and Sec. 6.8.4, Ch.6). Among informal workers, HBWs and UWs are likely to face all types of entitlement failures, including loss due to natural disaster. Ind.BWs are most likely to face entitlement failures due to informal business related difficulties, including small demand in the market, and ILs due to low income. Because of vulnerabilities and insecurities, there was a re-division of labour in the informal sector since transition in Mongolia, and the number of informal business workers decreased while the number of ILs increased. Also some informal workers moved to formal sector. Among others, ILs were most likely to move to formal sector, and become FLs. In other words, all informal workers face vulnerabilities, but to different extents (see Table 7.2). We collected rich information on informal sector, especially on workers' insecurity and vulnerability. Based on this information, informal sector in Mongolia can be studied in more depth, and comparisons can be made across time. It might bring out some significant findings, like possible forms of indirect exploitation of informal workers, like high rents for work places which is not controlled by the government, in the open market system in Mongolia.

Table 7.2
Vulnerabilities of formal labourers and informal workers

Status in employment	Vulnerabilities	Ranking vulnerability
Employees	Macro and micro level changes	Security with low income
Employers	Macro and micro level changes	Less vulnerable
Cooperative members	Macro and micro level changes	Less vulnerable
Rotating workers	Always in search for hourly and daily jobs	Highly vulnerable
Visiting workers	Always in search for a particular job, but informal contract duration is longer than for rotating workers	Moderately vulnerable
Paid workers	Engage in long term job, roughly from six months to one year, but with informal contract	Moderately vulnerable
Casual workers	Do no search for a job, takes when job becomes available	Moderately vulnerable
Individual business workers	Macro and micro level changes	Moderately vulnerable
Household business workers	Macro and micro level changes	Moderately vulnerable
Unpaid workers	Loss of household business	Moderately vulnerable

Source: Author's construction

Because of insecurity and vulnerability, informal workers are more migratory than formal labourers (Sec. 6.5, Ch.6). Also informal workers in UB have high hidden potential migration, and the major desired destination is abroad (Sec. 6.9.3, Ch.6). Similar to potential workers, migration of informal workers tends to increase the number of informal workers in UB.

In short, we found that informal sector has two facets: better income in the primate city, namely in UB, but with insecurities and vulnerabilities. Also informal sector is associated with high variation in income. Thus in order to avoid vulnerabilities and insecurities of informal workers, and high migratory behavior in the open market system in Mongolia, effective regulatory improvements in job security are desirable.

7.7 Migration in the open market system

We found three major movement streams of employed persons to UB – industrial movement ‘from agriculture to manufacturing and retail trade’, spatial movement from largely informal non-agricultural sectors ‘from ACs and SCs to UB’, and migration stream in the public sector ‘from ACs and SCs to UB’. These suggest that growth of UB, due to migration, is not associated with a linear structural shift from agriculture to industry. Also the major sources of migration to UB include people who did not have a clear desire to migrate – young people, dominated by non-educated young males, who were engaged in agriculture, and who faced entitlement failures – ‘loss’. It suggests that migration to UB is associated with insecurity and vulnerabilities in the places of origin rather alongside positive price signals in UB. Therefore, migration of informal workers and potential workers are not necessarily associated with improvement in well being. Instead, it increases number of informal workers (mainly informal labourers) and potential workers, and eventually human misery in UB.

Unlike migration to UB, international out-migration is ‘super’-selective. But people not only ignore status and profession/qualification but also face legal insecurity risks for better rewards in foreign countries.

With regard to policy, there is a conflict between migration policy, legislation, and political and economic system setting in Mongolia. Migration is free (according to Constitution of Mongolia adopted in 1992) while there is absence of economic motive to remain in the place of origin (or in the system) in Mongolia. Therefore, people who face entitlement failures in the place of origin move freely, and face next entitlement failures in the place of destination in the open market system in Mongolia.

In short, migration is high, and it is not selective in Mongolia. All types of persons, school leavers, potential workers, informal workers, government officers, doctors and teachers are involved in one major stream of migration: migration to UB. More importantly, majority of them involve in this migration because they faced entitlement failures in the place of origin: loss, no job and low income.

7.8 Reasons for migration: economic push factors for migration as entitlement failures

We aimed at studying structural factors of migration, and our search for economic motives, in our survey, gave two structural factors for migration to UB: informal sector in UB and formal sector in UB, and these are economic pull factors in the place of destination.

However, we found that economic push factors in the place of origin are stronger than economic pull factors in the open market system in Mongolia. Economic push factors are entitlement failures, 'no job/no secure job', 'low income', 'loss', and 'no housing' in the open market system in Mongolia, and each of them serves as structural factor for migration. 'Loss' (of livestock) due to natural disaster serves as a structural factor for high migration 'from rural areas to UB'. It suggests that if 'loss' of livestock can be controlled then un-planned migration to UB will be reduced. Also economic push factors 'low income' and 'no job/ no secure job' opportunities prevail in all urban areas in the open market system in Mongolia. At the other end of the scale, 'no housing', which mainly refers to purchasing modern flat, is found as an economic push factor in the place of origin among international migrants only. It suggests that locally effortable housing provision in UB is likely to reduce international migration. More importantly, economic push factors do not disappear with employment, even in the formal sector (Table 7.3). This suggests that employed persons, even in the formal sector, face low income and poverty in Mongolia because productive and decent employment has not been created in the country since transition (see also Ronnas 2010).

Further, we found that people respond to signals in the place of destination in line with their economic push factors. We found that economic push factors reinforce economic pull and social factors, not only for workers but also for non-workers, for their dependents. Thus the migration pattern can be primarily explained by the economic push factors of migration or entitlement failures in the place of origin, which are largely independent of the actual labour market conditions in the place of destination. In order to reduce high migration, economic push factors or entitlement failures in the place of origin need to be reduced. Economic push factors in the place of origin can be reduced by creating an economic motive of migration in the place of origin between two sectors.

Table 7.3
Economic push factors of employed persons in the informal and the formal sectors in the open market system in Mongolia

Unemployed and potential workers	Employed	
	In the informal sector	In the formal sector
No job	No secure job	Secure long term income but low income (no breadwinner income)
No income	No secure long term income and/or low income	No housing
No housing	No housing Loss	

Our study of reasons for no (intention for) migration tells the same, employment in formal sector is the root cause for no migration. Employed persons in formal sector in SC had no hidden potential migration. ‘Satisfactory job’ is likely to stop migration out of all places of origin. Apart from job, ‘satisfactory housing’ is most likely to stop migration out of UB or international migration. If people will have secure job and housing then they are unlikely to migrate because they are attached to the birth place/ home community.

More importantly, reasons for no migration revealed ‘hidden potential migration’ in the open market system in Mongolia. People can not migrate though they want to, because of family (family size, responsibility in family and status in family), poor education and no money. Among employed persons, informal workers, especially IIs, have the highest hidden potential migration. Unemployed and potential workers, and especially potential workers in UB have the highest potential migration, and the major reason for no migration of potential workers is ‘no money’. Therefore, caution needs to be exercised in social welfare policy as cash windfall could be speculative for migration.

7.9 Conclusion

To review the argument, this research has explored the transitional changes in Mongolia which has been subject to great shocks. But the open

market system which Mongolia arrived after transition was not developmental in 2003 for Mongolia in terms of enhancing secure livelihoods, despite its image. The important features of the open market system in Mongolia is dependence on China, movement to UB, the only primate city, or unequal regional distribution, and continuing depression of incomes in the public sector. These may not be relevant to other developing countries, but Mongolia has been a special case, given in its land-locked location, between two giants, Russia and China.

In the open market system, major economic sectors, where majority of people make their living, are informal retail trade in urban areas and household based livestock rearing in rural areas, and both of them are associated with insecurity and vulnerability. In this system, according to our survey in 2003, non-sustainable livelihoods are common, not really shown by the data.

Non-sustainable livelihoods in Mongolia are generated due to newly emerged structural classes in the open market system. With transition to the open market system, life-time security which was maintained during socialism disrupted. Further, people continue to face entitlement failures in the open market system. As a result, the major change, with regard to economic activity or labour market, was the emergence of not only open unemployment but also potential workers, people who were available for work but not actively seeking work, formally economically inactive by conventional labour force definitions. There has been emergence of both unemployed and potential workers as significant categories, leading to amortization of human capital, and greater general insecurity work with psychological implications.

Apart from potential workers, informal workers emerged and informal sector serves as major survival opportunity. More importantly, under depressed level of wages in the formal sector, informal sector, especially informal retail trade in UB offers better income in Mongolia. People were responding to this economic motive, ignoring their qualifications. Due to this movement, people faced with loss of qualifications, in terms of effective human capital, not only due to mismatch between new and old jobs but also between new qualifications and available jobs. In other words, labour movement since transition in Mongolia was associated with entitlement failures and downward movement in terms of security, education, profession, qualification and occupation.

Further, about half of labour movement which is associated with entitlement failures or labour movement of potential workers was associated with migration out of the place of origin. The major stream was migration to UB, from rural areas, and from smaller and middle sized urban areas. Migration from rural areas to UB was associated mainly with 'loss' of livestock due to natural disaster while migration from smaller and middle sized urban areas, was associated with 'low income' and 'no job/no secure job' opportunities in formal as well as in informal sectors in the place of origin. At the same time, migration to UB is consistent with perceptions of differential rates of economic rewards estimated based on current monthly income in our survey. However, apart from formal employment, birth place/home community appeared as a strong factor to deter some migration, about one third of non-migrants in SC. This suggests that if people will not be pushed out of the place of origin then they are less likely to move out of their birth place and home community as people are likely to be attached to it.

But this social factor is not strong in UB, and about half of non-migrant residents intend to migrate abroad. Hidden potential migration is highest for potential workers. In other words, in addition to actual spatial mobility, the survey suggests there is a potential for greater movement by people in employment as well as unemployed people and potential workers. Potential migrants can be seen as an additional indicator of instability that threatens sustainable livelihoods. In general, our survey suggests continuing spatial movement as a feature of urban life in Mongolia, and from UB to the wider global economy, and these movements are unlikely to improve general well-being to any significant degree as these are all associated with entitlement failures in the place of origin. These empirical findings are analysed in Table 7.4.

Table 7.4
Connecting the Research Findings to the Global Debates

Key empirical findings	Implications for changes in the underlying conceptual variables	Structural causal processes linking the concepts and producing the empirical findings
Emergence of potential workers in the open market system in Mongolia		
Labour started to move freely after mass entitlement failures, and labour movement increased in the open market system.	After collapse of labour allocation system, labour market evolvement was not associated with signals but it was associated with successive entitlement failures. After loss of a job in public sector, people started to experience entitlement failures in informal sector, in small scale private enterprises and in household based livestock rearing sector.	<ul style="list-style-type: none"> - During transition, economic structure changed in Mongolia. Collapse of light-industrialization, due to collapse of trade integration within CMEA, had negative impact on two sectors: light industry and agriculture. - After privatization, agricultural sector became insecure and vulnerable, due to lack of state support and due to natural disaster.
'Stepwise movement to retail trade' from other industries occurred in Mongolia.	After privatization, state enterprise is changed into private enterprise, and at first, people moved from state to private sector within the same sector. Majority of private small scale enterprises failed to survive in the new market environment, and number of enterprises dissolved. Also people were forced to move out of the sector due to shrink of enterprises. As a result, people moved out of the sector to the retail trade sector.	After collapse of light-industries, sewing manufacturing was emerged in Mongolia. It was a temporary phenomenon. Therefore, there was no other industry in urban areas, expect retail trade, to recruit newly emerged unemployed people during transition in Mongolia.
Mass entitlement failures occurred. Potential workers emerged, and the number of potential workers is similar to the number of unemployed. Males, especially males in prime ages, are more likely to constitute potential workers.	Mass entitlement failures occurred with collapse of ideologically committed generalized wage employment, after privatization. The major way of facing mass entitlement failures was 'establishment changed' (establishment privatized, dissolved, went bankrupt, abolished or shrunk). Apart from loss of a job,	- Although agricultural sector was encouraged in the open market system, it failed to recruit the 'mass' unemployed, emerged during transition. Also agricultural sector became not remunerative as expected because of decline in terms of trade. Mongolia started to export primary goods originated from agriculture and mining to China mainly, and in the case of

	<p>people faced entitlement failures due to 'low wages/ income' and 'loss'. During transition, males were more likely to leave public sector than females in Mongolia, due to 'low wages'. Also males were more likely to move to informal sector which is associated with 'loss'.</p>	<p>many commodities to China only, and at the given price.</p> <ul style="list-style-type: none"> - In urban areas, retail trade and service sectors failed to recruit all unemployed as their expansion is limited to the domestic market size.
<p>There were four different types of potential workers:</p> <ul style="list-style-type: none"> - Discouraged workers (due to no permanent job, low income and no specific jobs) - Discouraged informal workers - Discriminated workers - Failed workers 	<p>Different ways of facing entitlement failures in the newly evolved labour market suggest different types of potential workers. For example, discouraged workers due to '<i>no job of qualifications and interest</i>' can be part of 'luxury unemployed' (Moser et al. 1993). '<i>No or poor financial resources</i>' and '<i>no job because of no customer</i>' are major reasons for becoming discouraged informal workers. Unemployed people became discriminated workers because they were discriminated by employers. One reporter stated that '<i>I cannot get into a job because not only age and sex but also height and weight are given</i>'. In our survey, majority of failed workers constitute people who faced 'loss' in livestock rearing sector.</p>	<ul style="list-style-type: none"> - Newly emerged private sector had a gestation period to learn business experience. Newly emerged employers had a lack of qualifications of business administration, and they tend to conduct small scale business, recruiting relatives and friends mainly. - After collapse of rural institution 'negdel', and trade and procurement system, newly emerged household based livestock breeders had a lack of experience to engage in business and fail to sale their products.
<p>In transitional literature, it is common to state that unemployed and loss of qualifications occurred due to mismatch between old and new jobs. Apart from this, we found a different reason for loss of qualifications, as effective human capital, which is mismatch between popular qualifications (managers, translators, accountants and lawyers) and new</p>	<p>Entrance into market economy, and emergence of number of small scale private enterprises gave a signal for certain qualifications to increase, like managers, accountants and lawyers. Also opening up to wider world, called people to learn foreign languages and to become a translator.</p>	<ul style="list-style-type: none"> - After collapse of planned training system, private training institutions emerged. During transition, high educational training increased while technical and vocational training almost disappeared. - Economic structure does not allow recruiting excessive high educated people. - Although tourism is encouraged, it is likely to be seasonal activity in Mongolia, be-

<p>occupations (retailers and traders, and collectors).</p>		<p>cause of cold and long winter.</p>
<p>We found two types of people who learned new skills: 1) less mobile persons who learned computer skills, professional training and English language, and 2) more mobile persons who learned service, production, operators', drivers' and other skills, formally and informally.</p>	<p>Transition challenges everyone, and every enterprise and institution to transform themselves from old to new system. People who were working in public sectors were learning new skills, not to move but, to remain or progress in their jobs while people who were searching for a job, especially in informal sector, were learning new skills to be successful in the labour market.</p>	<ul style="list-style-type: none"> - Exposure to wider world provided an opportunity to learn from international experiences, and did challenge everyone, and every enterprise and institution to meet international standard. - Since transition, English, in lieu of Russian, is promoted as a second language in Mongolia.
<p>People moved to human misery. Discouraged and discriminated workers become less economically active. However, roughly half of movement to potential workers is associated with migration. Especially, failed workers who faced 'loss' due to natural disaster were most likely to engage in migration.</p>	<ul style="list-style-type: none"> - People, who failed to transform themselves in the new (open market) system, fail to find a job for a long time, and become less and less economically active, and move from one type to another type of potential workers. As a result, they face human capital amortization, and land at human misery. - Livestock breeders, who faced 'loss' and become failed workers in the place of origin, have no sector to recruit them at the place of destination (in UB), except retail trade, and migration of livestock breeders increases a pool of potential workers/human misery in UB. 	<ul style="list-style-type: none"> - Economic diversification is not encouraged in both places of origin and destination. - After collapse of state supported system, disaster management system has not yet established, and agricultural sector remained unprotected, and prone to natural disaster. - At the place of origin, disaster mitigation system has not yet established. - Government does not provide assistance for agricultural workers who moved to urban areas. - Government does not undertake administrative measures to prevent or control migration of failed workers at both places of origin and destination. - Legislation provides rights for people to choose where to live.

Key empirical findings	Implications for changes in the underlying conceptual variables	Structural causal processes linking the concepts and producing the empirical findings
Informal workers in the Open Market System in Mongolia		
<p>Informal sector, and many different forms of employment emerged. The major destination for labour movement was individual business worker.</p>	<ul style="list-style-type: none"> - Informal sector emerged not only as an outcome of collapse of generalized wage employment but also to enjoy market freedom and private business. - People left government office to engage in trade and service informally. - Upon privatization, people had an opportunity to enjoy own property. - Therefore, at the beginning of business, the major form of employment was to work as individual business workers. 	<ul style="list-style-type: none"> - Privatization was one leg for transition in Mongolia (Griffin 1995). - Newly entered market economy encourages private business and to maximize ones profit. - However, it takes time for informal sector to transform into large scale private firms. - In urban areas, two major sectors, trade and service sectors became largely informal. - In rural areas, after collapse of negdel (rural institution), livestock rearing sector became informal.
<p>The size of the informal sector is defined based on both enterprise and labour force approaches. We found a small difference between the two approaches or between informal sector (39.6%) and informal employment (34.9%).</p>	<ul style="list-style-type: none"> - The small difference between the two approaches explained by a small informal employment in the formal sector (2.8%). - The linkage between formal and informal sectors is not strong in Mongolia. Formal private sector has not yet grown to support small scale business or informal sector. In other words, informal sector does not serve as supporting production and service unit for large scale company. Instead, informal sector produces products and provides services for domestic market. 	<ul style="list-style-type: none"> - Government has not yet undertaken a sound economic diversification policy in each place of origin, like 'rural industrialization' policy in China, to transform informal sector into formal sector. Although, Japanese development policy - 'one village one product' is encouraged, it has not yet brought desired outcome in Mongolia. - Government has not yet encouraged non-resource based manufacturing.
<p>Informal sector serves as a major survival opportunity for less (or non-) educated young males in urban areas in the open market system in Mongolia.</p>	<p>After privatization, livestock rearing households tend to keep boys for labour and send girls to school. After facing 'loss' of livestock, less (or non-) educated young males migrate to urban areas and search for survival in informal sector.</p>	<p>Because of no economic diversification not only in the place of origin but also in the intermediate places, informal sector serves as a survival opportunity in all settled places or urban areas in Mongolia.</p>

<p>Majority of activities (except electricity, heating and water supply, business activities and services for organizations, and international organizations) are accomplished by both formal and informal workers. However, retail trade and agriculture are largely informal sectors in the open market system in Mongolia.</p>	<p>In transitional literature, it is argued that trade and service sectors tend to be informal and served as a survival opportunity during transition. Unlike this, in the absence of economic diversification in the place of origin, our survey suggests that informal sector not only provides temporary livelihood opportunity during transition but also it serves as a part of economic system to meet household and individual needs or domestic consumption as well as to maximize profit. For example, about 1/3 of employment in mining and quarrying, about 1/2 in construction, more than 1/2 in transport, and 1/3 of clothing and housing material manufacturing is informal in 2003.</p>	<ul style="list-style-type: none"> - Economic diversification has not yet encouraged in each place of origin. - Although state provides some funding to encourage small and medium enterprises, it is not always sufficient for informal sector to expand their activities into formal sector. Shortage of financial capital and high interest rates were major reasons for stopping jobs in informal sector. - Government does not support informal business workers to expand their business, for example via providing training on entrepreneurship, and providing long term loans.
<p>Informal workers engage in majority of occupations. There are two occupations, retailers and traders, and collectors, which are purely informal.</p>	<ul style="list-style-type: none"> - It is often viewed that informal sector is associated with low skill jobs. Unlike this, due to 'low wages' prevailed in the open market system in Mongolia, in order to escape out of poverty, high educated professionals (economists, doctors and engineers) work as informal business workers or engage in informal business. - Newly emerged types of labour and occupation during transition are associated with insecurity. 	<ul style="list-style-type: none"> - Government keeps government wages at low level. - If politicians promise to increase salary in government sector then employers' association comes up with complains that it will give pressure for them. - Therefore, in the absence of economic diversification in the place of origin and expansion in private sector, increase in government wages becomes pressure both for government and private sector.
<p>Industry and occupation tend to be the same for informal business workers but not for informal labourers. There are informal labourers (mainly paid and rotating workers) who engage in retail trade in different occupation.</p>	<p>In urban areas, under no economic diversification, school leavers who failed to join high educational institution face 'no job' opportunity in formal sector in the place of origin. In terms of skills and experience, they are not able to engage in informal business directly. Therefore, the only option remains for school leavers is to work as informal labourers.</p>	<ul style="list-style-type: none"> - In terms of economic structure, there is no other economic sector, except retail trade, which can recruit school leavers as informal labourers. - There is no economic sector, except sewing manufacturing in 2003, for school leavers to work as formal labourers. - Also since transition and by 2003, technical and vocational training was not supported by the state.

An economic motive of migration in the open market system in Mongolia		
<p>Informal labourers and informal business workers are more likely to get rewards on daily basis while household business workers tend to have flexible rewards. Among informal labourers, paid workers are most likely to have rewards on monthly basis.</p>	<p>Rewards frequency and income security is associated with type of activity. For example, informal labourers and individual business workers are more likely to engage in hour and daily based activities like trade, service and transport while household business workers are more likely to engage in production, like livestock rearing and crop agriculture. Paid workers tend to work for individual business workers and tend to have permanent job.</p>	<p>- Government does not support informal sector to improve income security, via transforming it into regular, if not formal, employment.</p>
<p>- In terms of labour type, an economic motive for migration is given to informal business workers, in terms of location, to UB and in terms of economic sector, to retail trade.</p>	<p>It supports our major proposition - in the open market system, under 'low wages', an economic motive for migration can be given in terms of greater rewards (or value added) that can be generated in informal sector by owning business in the place which is characterized by large and diverse demand market, in primate cities.</p>	<p>- It is different from the 'ideal' Lewis model where an economic motive for migration is given between two sectors of economy, say between agriculture and manufacturing, in the place of origin. - If economic diversification will take place in the place of origin then an economic motive for migration can be given between different sectors of economy rather than between informal sector and formal sector which has 'low wages'.</p>

Key empirical findings	Implications for changes in the underlying conceptual variables	Structural causal processes linking the concepts and producing the empirical findings
Retailing in the open market system in Mongolia		
<p>- Retail trade (but not manufacturing) is the major industry which provides employment opportunity in urban areas in the open market system in Mongolia.</p> <p>- There are three types of persons who engage in retail trade: 1) retailers and traders, 2) persons who engage in other occupations than retailers and traders and work in the formal retail trade, and 3) persons who engage in other occupations than retailers and traders, and work in the informal retail trade.</p>	<p>- Retail trade employs all three types of labour in all three locations, in the absence of manufacturing sector.</p> <p>- Upon transition, to work as individual business workers was the major destination. However, not all individual business workers were successful. To engage in informal retail trade needs skills, patience and tangible and intangible assets. Individual business workers face entitlement failures due to different reasons, like high rent, loss of customers, and loss of financial capital. Therefore, since transition, there was a re-division in labour in the informal sector, and informal labourers increased.</p>	<p>- It is different from transitional literature which tends to argue that retail trade served as a temporary survival opportunity.</p> <p>- In Mongolia, after collapse of light-industries, sewing manufacturing failed to serve to keep urban areas and urban people.</p> <p>- In 2003, according to establishment census, exactly 50% of all establishments in Ulaanbaatar are small establishments (with 1-9 employees) which engage in wholesale and retail trade.</p> <p>- Thus, in absence of economic diversification in the country and in each place of origin, retail trade serves as a major sector to keep urban areas and urban people.</p>
<p>Income in retail trade varies. Retailers and traders earn as high as informal/ private medical doctors as low as collectors, and also work with no (or flexible) income.</p>	<p>Although an economic motive for migration is given to informal retail trade, it is not a secure sector. Income in retail trade varies depending on location, and type of product which they sell. Under low wages, cash shortage is prevailed in the country in 2003. In aimag center, we found two major types of customers for retailers and traders: government officers and pensioners.</p>	<p>Government policies, on economic diversification and development, and work place creation, do not provide an opportunity to increase 'low wages', and reduce 'cash shortages'. If more and more people will have better opportunity to be employed in formal sector with better wages then income of retailers and traders, and other informal workers, are likely to increase.</p>

Key empirical findings	Implications for changes in the underlying conceptual variables	Structural causal processes linking the concepts and producing the empirical findings
Entitlement failures in informal sector, including retailing, in the open market system in Mongolia		
<p>Informal sector, including retailing, is associated with entitlement failures in the open market system in Mongolia. More than two thirds of people who stopped their jobs in informal sector stopped because of entitlement failures, and moved to potential workers. Informal workers, including retailers and traders, also move to non-workers before retirement age, due to poor health.</p>	<p>Informal workers, including retailers and traders, experience entitlement failures due to different reasons, like emergence of formal enterprises, increase in rent, and cold weather. Retailers and traders who fail to pay high rent in housed market rent places at open market and work outside during cold winter and get sick. Hairdressers complain that we work for people (or owner of the work place) to collect 'rent for the seat' but not for ourselves.</p>	<ul style="list-style-type: none"> - Government does not formulate policy to provide security in informal sector. For example, government has not yet undertaken any action to control 'rent for work place' for retailers and traders, hairdressers and other informal workers. - Trade union does not concern about informal workers, and informal workers, themselves, have no awareness of solidarity.
Migration pattern and major sources for migration in the open market system in Mongolia		
<p>Among five forms of migration, people are more likely to engage in three forms of migration, in-, potential and out- migration which suggest 'Leap' migration to UB, and less likely to engage in return and circular migration.</p>	<p>In Mongolia, middle sized cities do not serve as destination, and there is only one primate city, capital city, Ulaanbaatar. Therefore, people tend to move to UB directly from all corners of the country.</p>	<ul style="list-style-type: none"> - Lack of development of infrastructure in each place of origin. - Not all ACs and SCs have sufficient electricity provision, and price of electricity is high. Without sufficient and cheap electricity, it is impossible to undertake economic diversification in the place of origin. - There is only one line of railway from North to South but there is no railway from West to East in Mongolia. Without cheap transport, it is difficult to sale products produced in ACs and SCs in sparsely populated country, like Mongolia.
<p>The major sources for 'Leap' migration to UB include young</p>	<p>After privatization, in household based livestock rearing sector, people started to keep boys for</p>	<p>Literature on migration argues that migration is a selective phenomenon. Unlike</p>

<p>females, who are more likely to study; young males, who are more likely to be non- or less educated; and people in prime ages, dominated by males, who are likely to be informal and potential workers.</p>	<p>labour, and send girls to study. Therefore, girls are more likely to migrate to study while boys are more likely to migrate after facing entitlement failures in livestock rearing sector. Apart from livestock rearing sector, informal sector, including re-tailing, serves as another source for 'Leap' migration to UB.</p>	<p>this, migration is unlikely to be selective in Mongolia. Not only young people but also people in prime ages migrate and intend to migrate.</p>
<ul style="list-style-type: none"> - About half of in-migrants in UB come from rural areas, from livestock rearing sector. - In UB, retail trade (but not manufacturing) is the only sector which recruits in-migrants from all places of origin upon arrival, and continues to recruit them within five years of migration, in the open market system in Mongolia. 	<ul style="list-style-type: none"> - Livestock rearing is the major sector in rural areas while retail trade is the major sector in urban areas in Mongolia in 2003, and migration occurs between the two major sectors of economy. - Livestock breeders who faced 'loss' of livestock move to urban areas to search for a job opportunity, but at the place of destination, in UB, they have no job opportunity, except working in retail trade, and to lesser extent, in sewing manufacturing, in 2003. 	<ul style="list-style-type: none"> - After transition, economic diversification in each place of origin has not yet encouraged. - Infrastructure development is not sufficient to ensure economic diversification in each place of origin. - If economic diversification will be emerged in each place of origin (SCs, ACs and UB) then people will have better opportunity to move between different sectors of economy and between different places.
<p>Migration of informal workers</p>		
<ul style="list-style-type: none"> - Informal business workers are least migratory, compared with informal and formal labourers. - Migration of informal workers is associated with two changes: 1) change in type of informal business upon migration to UB - 'from household to individual business', and 2) movement to informal labourers within five years of migration. - There is a significant improvement in (employment) status for migrants from rural areas - from unpaid workers to formal labourers. 	<ul style="list-style-type: none"> - Informal business is based on domestic market at the place of origin, and some of them have own assets while informal labourers are free to move. - The change in type of informal business (from household to individual business) is associated with movement from agriculture to retail trade. - In-migrants in UB who engaged in individual business face entitlement failures due to competition, difficulties, discrimination and loss, and become informal labourers, and increase number of informal labourers. - Significant improvement in (employment status) is associated with movement from agriculture to garment manufacturing and other formal employment. 	<ul style="list-style-type: none"> - Local government does not take measures to keep livestock breeders at the place of origin via providing job opportunity. Economic diversification in the place of origin is essential not only to keep potential workers but also to keep informal labourers at the place of origin. - It is often viewed that an economic motive (or reason) for migration is often associated with increase in income. In addition to this, our research suggests that an economic motive for migration is created in terms of (employment) status -from a unpaid family worker (in household business which is engaged in livestock rearing) to become a factory worker.

Migration of potential workers		
<p>- Potential workers are more likely to engage in the step-migration (a long journey) 'from smaller places to UB' and 'from UB to abroad' than unemployed. Males dominate in movement of unemployed and potential workers.</p> <p>- Migration of potential workers is more likely to be associated with insecurity and vulnerability at both places of origin and destination, and more dangerously, it is likely to increase a pool of potential workers (human misery) in the place of destination.</p> <p>- Migration of potential workers, compared with migration of informal workers, is not associated with change in workers status.</p>	<p>- Migration of potential workers is high because a pool of potential workers is created in each place of origin. A pool of potential workers in the place of origin can be created in two ways: demographic (natural (high fertility) and mechanic (migration)) and economic (collapse of establishment and loss of business).</p> <p>- In the case of failed workers, migration is likely to be associated with migration out of agricultural sector who faced loss due to natural disaster, and therefore, to movement to informal sector and garment manufacturing.</p> <p>- School leavers (who newly joined a pool of potential workers) are most likely to have a dream of migrating abroad.</p>	<p>- In UB, in 2003, exactly 50% of establishments engaged in retail trade and 12% in service. It suggests limited economic diversification in UB to recruit potential workers originated from all corners of the country, and therefore, a pool of potential workers/human misery in UB has been increasing at the rate of migration or due to migration. However, no measure has been undertaken to restrict migration to UB. According to Constitution of Mongolia, everyone has a right to choose where to live.</p>
International migration		
<p>- International migration is 'super' - selective in Mongolia.</p> <p>- International migration is associated with loss of qualifications, insecurity and risks.</p> <p>- International potential migration is most likely to be associated with 'no housing', about a fifth.</p>	<p>International migration is costly. Employed persons with highest rewards and young people who were studying engage in international migration.</p>	<p>Providing job opportunity together with provision of housing can reduce international migration significantly. Upon transition, government of Mongolia stopped provision of housing and apartments are privatized. However, private sector has not yet developed or flourished to provide job together with housing in Mongolia in 2003. Housing provision is desirable under the 'low wages' prevailed in the open market system in Mongolia, to reduce international migration.</p>

Economic push factors for migration		
<p>If people will respond to an economic motive for migration then social factors for migration will disappear or people will ignore social factors.</p>	<p>People moved to smaller places (SCs and ACs) from primate city, UB, to work in public and banking sectors.</p>	<p>It is different from the notion of 'bright lights' in cities which serve as a strong factor for migration. Formal employment in smaller places appears to be stronger than 'bright lights' in cities.</p>
<ul style="list-style-type: none"> - Entitlement failures ('no job/ no secure job', 'low income' and 'loss') and 'no housing' serve as economic push factors for migration. - Economic push factors operate across all locations and types of work in the 2003 sample. - About two thirds of in-migrants moved because of economic push factors in the place of origin. - 'Loss' appeared as a reason for migration for in-migrants in the survey, especially for those who came from rural areas. - 'No job/ no secure job' appeared as a reason for migration for in-migrants from AC. 	<p>It is because all segments of society face entitlement failures:</p> <ul style="list-style-type: none"> - Potential workers who are most migratory face entitlement failures because they have 'no job'. - Informal workers face entitlement failures: 'no secure job', 'low income', and 'loss'. - Formal employment is associated with 'low wages' and 'no housing'. - Livestock rearing sector is associated with 'loss' of livestock due to natural disaster. - 'No housing' serves as an economic push factor for international migrants. 	<ul style="list-style-type: none"> - By 2003, reasons for migration have not been recognized as entitlement failures which are widespread in all places of origin in Mongolia. - Entitlement failures or economic push factors for migration are associated with limited employment opportunity (or no economic diversification) in the place of origin. - Comprehensive government policy to tackle 'housing' problem has not yet formulated by 2003.
Economic pull factors for migration		
<ul style="list-style-type: none"> - Economic push and pull factors are two sides of the one coin: 'better income', 'search for a job', and 'found a job'. 	<p>If people face entitlement failures in the place of origin then they tend to respond to it in line with it. People who lost their jobs due to loss due to natural disaster tend to search for a job, at first in the place of origin then move to different place to continue their search for a job. In other words, economic push factors reinforce economic pull factors for migration at both places of origin and destination.</p>	<p>Local government policy has not been formulated to reduce (if not to eliminate) economic push factors in the place of origin. It is important to recognize that if economic push factors will be eliminated in each place of origin then migration phenomenon will become 'super' - selective, like international migration, and level of migration will reduce significantly. Economic diversifica-</p>

		tion and transformation from informal to formal sector in each place of origin can eliminate economic push factors for migration.
Reasons for no intention to migrate		
<ul style="list-style-type: none"> - Only half of non-potential migrants are completely settled in the place of origin. - Hidden potential migration rate is 14.9% in our survey. - Potential workers are most likely to be associated with not only potential migration but also with hidden potential migration. - Among labour type, informal labourers have the highest hidden potential migration. - Retail trade is associated with high hidden potential migration, around 1/5. - Formal labourers in public sectors in SC, the smallest place, do not have hidden potential migration. 	<ul style="list-style-type: none"> - Major reasons for people to have no intention to migrate are job, housing, birth place/ home community, old age, and responsibility in family. - Major reason for hidden potential migration is 'no money'. Potential and informal workers state that they have a desire to migrate to search for a job, but they 'cannot migrate' because they have 'no money'. 	<p>Hidden potential migration has not yet been studied. In the open market system which are associated with entitlement failures (or economic push factors) at the place of origin, it is important to understand people who do not intend to migrate in the future. Study of reasons for no intention to migrate suggests that formal employment is the root cause for no migration. At the macro level, economic diversification at each place of origin can bring formal employment. Therefore, our research confirms that Lewis model serves as an 'ideal' structural process at each place of origin, to avoid generation of a pool of potential workers/ human misery who are most migratory.</p>

Therefore, in order to reduce insecurity and associated speculative migration, economic push factors for migration in the place of origin need to be eliminated. In order to eliminate economic push factors for migration in the place of origin and to reduce migration, our research suggests that economic diversification need to be created, and potential workers need to be recruited in the place of origin. In order to avoid creation and reproduction of potential workers/ human misery, fertility control can be undertaken if there is high fertility in the place of origin. These can be compared to the development model of China: rural industrialization and one child policy.

Further, all problems which prevail in the open market system, like high migration, human misery, unemployment, poverty, vulnerability, insecurity, reproduction of potential workers, creation of slums and mis-employment, have been under the eye of international organizations and developed countries. However, our research suggests that, in order to solve these problems, international organizations and developed countries should re-direct their aid and assistance to create an alternative economic sector in rural areas in Mongolia. In this cause, I started to study livestock based manufacturing in Mongolia as a contribution to a positive solution looking at higher labour productivity for workers in rural areas and retaining greater value added in Mongolia to increase economic growth.

Finally, it is hoped that our research might contribute to modify national/international statistics to identify potential workers, who faced human misery due to amortization of human capital and who feel useless, and to define different types of workers engaged in the informal sector who face different types of insecurities and vulnerabilities. Also our research asks a question whether there is a self-defeating paradox if we relate macro level imbalances to micro level insecurities and vulnerabilities in the open market system. More importantly, our research presents that there is a continuing relevance of Harris-Todaro framework in migration decision in a context of great uncertainty and subjective estimates of the risks of movement in terms likely sustainable benefits.

Appendix A: Additional tables and figures for Chapter 2

Table 1. Balance of payments, Mongolia, selected years, end of the year, (US\$ millions)

	1989	1991	1993	1995	1997	1999	2001	2003
Trade balance	-1 145.4	-131.2	-12.2	-12.8	63.0	-126.0	-192.1	-248.7
-goods	-1 116.0	-140.0	-8.7	-22.0	65.1	-112.9	-169.9	-199.6
-services	-29.4	8.8	-3.5	9.2	-2.1	-13.1	-22.2	-49.1
Net factor payments (income)	-48.9	-4.9	-20.2	-25.4	-12.0	0.1	-2.0	-11.5
-credit	7.5	-	0.8	3.0	6.1	6.6	20.7	na
-debit	-56.4	-4.9	-21.0	-28.4	-18.1	-6.6	-16.8	na
- of which: interest	-	-	-	-	-9.4	-6.2	-8.8	-11.9
Net transfers	3.9	41.6	70.9	77.1	51.9	74.5	132.4	161.5
- government inflows	3.9	41.6	71.0	77.1	47.7	67.1	107.4	87.2
- private inflows	-	-	-0.1	-	4.2	7.4	25.0	74.3
Current account	-1 190.4	-94.5	38.5	38.9	102.9	-51.4	-61.7	-98.7
Capital and Financial account	1 228.4	43.6	4.2	-16.9	27.0	69.5	117.7	4.9
- <i>medium and long-term capital</i>	1 228.4	67.0	47.1	32.3	104.3	124.2	131.9	29.4
- direct investment in Mongolia	-	-	7.7	9.8	25.0	30.4	63.0	131.5
- portfolio investment	-	-	-	-	-	-	-	50.0
- loan (net)	1 228.4	67.0	39.4	22.5	79.3	93.8	68.9	-152.1
-government loan	1 228.4	67.0	39.4	22.5	79.3	93.8	68.9	-144.6
-other loan	-	-	-	-	-	-	-	-7.5
- <i>short-term capital, net</i>	-	-23.4	-42.9	-49.2	-77.3	-54.7	-14.2	-24.5
-banks	-	-	-21.3	-15.3	-18.1	-17.7	1.4	-21.0
-non-bank/trade credit	-	-23.4	-21.6	-33.9	-59.2	-37.0	-15.6	-3.5
Errors and omissions	7.1	-46.3	-11.8	11.4	-75.1	24.0	-41.3	-3.1
Overall balance of payments	45.1	-97.2	30.9	33.4	54.8	42.1	14.7	-96.9
Financing	-45.1	97.1	-31.0	-33.4	-54.8	-42.2	-14.7	96.9
Increase in net official reserves (-)	-129.7	66.6	-10.9	-33.4	-55.0	-37.4	-19.5	89.8
Use of IMF credit	-	15.4	12.9	-10.7	6.2	3.1	-1.7	7.1
Arrears accumulation(+)/payments(-)	84.6	30.5	-20.1	-	0.2	-4.8	4.8	-

Source: Annual reports of Bank of Mongolia and NSO (2004)

Table 2. Exports by country, Mongolia, selected years

	1980	1990	1994	2003
Total- US\$ millions	402.8	660.7	367.5	615.9
%	100.0	100.0	100.0	100.0
USA	0.02	0.1	3.4	23.2
Japan	0.2	1.2	12.2	1.4
China	0.9	1.7	19.9	46.6
Russia*	79.3	78.3	28.2	6.7
Germany	3.6	2.1	0.7	0.7
Czechoslovakia**	5.6	4.5	0.1	0.02
UK	0.7	0.5	1.4	4.2
Kazakstan	-	-	14.2	0.5
South Korea	-	-	5.2	1.2
Singapore	-	-	-	5.7
Australia	-	-	-	5.6
Bulgaria	2.2	2.5	-	-
Poland	2.2	1.7	0.0	0.0
Romania	1.5	1.5	-	-
Hungary	1.9	2.1	0.0	-
Other	1.7	3.8	14.7	4.2

*/ FSU for 1980 and 1990

**/ From 1993 the Czech republic

Source: NSO (1995, 2004)

Table 3. Export of copper concentrate, Mongolia, 1989-2003

Year	Total volume (thous.tons)	Unit value (US\$ per ton)	To FSU, share of volume (%)	To China, share of volume (%)
1989	350.6	558.5	96.7	...
1990	347.5	557.7	96.1	0.3
1991	243.2	663.4	87.0	4.7
1992	346.0	462.6
1993	394.5	393.3
1994	448.6	438.4
1995	446.2	602.0	12.1	2.3
1996	473.6	433.2	21.1	...
1997	479.7	440.6	3.5	0.4
1998	485.7	256.9	5.3	5.6
1999	492.7	242.0	10.7	89.3
2000	496.0	323.1	5.7	94.3
2001	540.9	273.4	4.8	95.2
2002	548.6	255.6	8.6	91.4
2003	568.9	287.7	1.0	98.9

Notes: 1/ Before 1991 FSU, and afterwards Russia

2/ (...) Missing data

Source: NSO (2000, 2004)

Table 4. Export of raw, and combed cashmere, Mongolia, 1989-2003

Year	Raw cashmere			Combed goat down		
	Total volume (tons)	Unit value (US\$ per kg)	To China, share of volume (%)	Total volume (tons)	Unit value (US\$ per kg)	To China, share of volume (%)
1989	291.3	46.3	...	188.0	158.2	...
1990	376.3	63.4	...	53.4	185.5	...
1991	627.8	31.7	3.8	33.0	99.4	...
1992	26.4	5.5	...	1 690.4	25.2	...
1993	26.4	12.1	...	1 450.7	16.4	...
1994	252.7	14.6	...	339.6	60.7	...
1995	78.8	4.5	54.7	507.4	89.2	15.5
1996	431.4	21.4	60.8	720.9	71.6	12.0
1997	824.6	19.6	85.2	590.4	53.4	5.5
1998	16.2	18.9	55.9	849.8	38.8	13.0
1999	799.5	18.0	99.1	1 168.4	39.3	30.0
2000	717.2	30.5	98.7	770.2	70.8	54.1
2001	50.2	17.3	90.8	1 006.1	54.7	43.1
2002	60.0	16.5	100.0	632.3	48.3	46.4
2003	252.8	35.7	97.9	600.0	43.3	40.0

Note: (...) Missing data

Source: NSO (2000, 2004)

Table 5. Export of camel, and sheep scoured wool, Mongolia, 1989-2003

Year	Camel wool			Sheep scoured wool		
	Total volume (tons)	Unit value (US\$ per kg)	To China, share of volume (%)	Total volume (tons)	Unit value (US\$ per kg)	To China, share of volume (%)
1989	2 146.9	6.3	...	3 515.3	3.1	...
1990	1 907.3	6.3	...	2 840.0	2.4	...
1991	101.4	1.8	0.5	2 212.5	1.2	58.3
1992	1 735.1	1.7	...	7 320.6	1.1	...
1993	3 219.8	1.6	...	2 638.2	1.4	...
1994	2 663.8	2.3	...	816.0	1.2	...
1995	940.2	2.5	79.3	14 917.7	0.7	98.0
1996	1 112.4	2.0	83.5	7 675.3	0.9	94.1
1997	904.2	2.3	91.6	10 713.3	0.9	86.8
1998	664.3	2.1	96.4	5 421.5	0.8	88.0
1999	893.3	1.9	99.8	8 684.5	0.7	83.8
2000	836.8	2.0	98.9	5 216.3	0.6	47.2
2001	964.0	2.3	97.2	10 480.8	0.4	69.5
2002	345.0	2.1	98.3	6 139.2	0.6	54.4
2003	418.9	1.8	100.0	8 443.2	0.6	78.5

Note: (...) Missing data

Source: NSO (2000, 2004)

Table 6. Percentage distribution of establishments in UB by economic sectors, 1998-2005

	1998	1999	2000	2001	2002	2003	2004	2005
Total - N	7 053	7 842	9 715	13 303	13 879	16 312	15 286	12 783
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	2.1	2.0	1.6	1.6	1.5	1.2	1.1	1.2
Mining and quarrying	1.3	1.2	1.1	0.9	0.8	0.9	0.7	0.8
Manufacturing	14.4	14.0	13.2	10.8	9.6	7.5	5.7	7.5
Electricity, heating & water supply	0.3	0.4	0.4	0.4	0.3	0.3	0.2	0.3
Construction	4.3	3.9	3.0	2.5	3.3	3.2	3.0	3.4
Wholesale and retail trade	31.8	37.5	40.7	46.4	44.9	52.1	50.1	47.2
Hotels and restaurants	5.8	5.7	4.9	3.7	4.0	3.2	3.2	4.6
Transport and communication	2.8	2.8	2.4	2.2	2.4	2.5	2.6	3.2
Financial intermediation	1.5	1.2	1.0	1.5	2.0	2.2	2.7	3.3
Real estate, renting & other business activities	7.5	5.8	5.4	6.0	6.0	5.3	5.6	8.5
Public administration	3.3	2.9	2.5	2.0	1.9	1.9	1.6	1.7
Education	6.6	6.1	5.1	4.3	4.3	3.5	3.7	4.6
Health and social work	3.8	3.6	3.2	2.9	3.0	2.9	3.0	3.5
Community, household & personal services	14.6	12.9	15.4	14.7	16.1	13.3	16.7	10.2
Other	-	-	-	0.1	0.1	0.1	-	-

Source: NSO (2005)

Table 7. Percentage distribution of establishments in UB by district, 1998-2005

	1998	1999	2000	2001	2002	2003	2004	2005
Total - N	7 053	7 842	9 715	13 303	13 879	16 312	15 286	12 783
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Khan-Uul	8.8	8.2	8.5	6.9	6.7	8.4	9.8	8.4
Baganuur	2.1	2.0	1.3	1.6	1.8	1.3	1.0	1.4
Bayanzurkh	14.2	13.9	15.0	12.8	13.1	14.3	16.8	14.9
Nalaikh	2.3	2.9	2.7	2.0	2.1	1.8	1.6	1.9
Bayangol	17.4	17.3	17.2	17.0	18.4	20.8	21.0	20.3
Sukhbaatar	20.7	20.8	22.2	31.6	26.9	23.8	21.7	26.0
Chingeltei	20.3	20.7	21.3	18.6	22.1	19.1	17.3	13.2
Bagakhangai	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.2
Songinokhairkhan	14.0	13.9	11.6	9.3	8.8	10.3	10.7	13.8

Source: NSO (2005)

Table 8. Establishments constructed before 1990 in Arvaikheer soum of Uvurkhangai aimag

	Year of establishment	Number of workers in 1989	Change during transition			Number of workers in 2003
			Way of change	Year of change	Freed persons	
Manufacturing						
Food factory "Delgerekh khuns"	1940	157	privatised, green voucher	1993	93	64
Printing factory "Undrakh erdem"	1944	25	privatised, green voucher	1993	13	9
Construction material factory	1965	96	collapsed	1994	96	-
Electricity industry	1965	70	no change	-	-	76
Heating factory "Uvur-elch"	1965	62	no change	-	-	36
Construction						
Construction company "Gan negdel"	1960	273	privatised, green voucher	1994	259	14
Road construction unit (AZZA)	1970	78	no change	-	-	141
Water supply & well construction	1972	25	collapsed	1994	-	-
Auto-transport						
Transport management office	1954	12	collapsed	1993	12	-
15th transport establishment (baaz)	1954	98	collapsed	1993	98	-
Oil transport establishment (baaz)	1954	94	collapsed	1993	94	-
Trade						
Wholesale trade management office	1963	103	collapsed	1993	103	-
Wholesale trade storage place	1981	52	privatised, green voucher	1993	52	-
Retail trade management office	1963	208	collapsed	1992	208	-
Post and communication						
Communication	1935	85	no change	-	-	155
Post office	1935	13	no change	-	-	34
TV station	1977	5	no change	-	-	5
Service						
Household and individual service management office	1972	55	collapsed, after privatization by rose voucher	1992	55	-
Shower/sauna place	1962	4	privatised	1992	-	4
Hotel	1975	6	privatised	2000	3	7
Education						
Primary school	1926	7	no change	-	-	7
8 years school	1939	33	no change	-	-	33
10 years school	1951	295	no change	-	-	327
Boarding school	1951	6	no change	-	4	2
Kindergarten	1959	57	no change	-	-	57
Creches	1960	5	collapsed	-	5	-
Library	1950	8	no change	-	-	8
Health						
Health center	1946	284	no change	-	-	264
Pharmacy management office	1946	20	collapsed	1993	20	-
Pharmacy "em impex"	1946	17	no change	-	-	17
Culture						
Theater	1985	46	no change	-	-	28

Note: Highlighted establishments are establishments which were in operation in 2003

Source: Statistical division, Uvurkhangai aimag, 2003

Table 9. Major establishments constructed since 1990
in Arvaikheer soum of Uvurkhangai aimag

	Year of establish- ment	Number of workers in 2003
Manufacturing		
Vodka factory "Duk"	1997	23
Bank branches		
Branch of "Khaan bank"	1992	24
Branch of "Shuudan bank"	2001	41
Education		
Technical institute	2000	33
Hotel		
Hotel "Namiin shiree"	2001	14
Retail trade (food&consumer goods)		
Branch of "Jagar international"	1999	6
"Artsat trade"	2001	20
"Bayan naiman"	2002	11
Food trade and restaurant		
"Bumbat naran"	2002	10
Food market		
"Uugan"	1999	85
"Zanabazar"	1999	72
Raw material market		
"Borjigt"	1998	16
"Arvai"	2000	20
"Argui"	2002	40
"Burgas trade"	2000	14

Source: Statistical division, Uvurkhangai aimag, 2003

Table 10. Number of workers & average wages of auxiliary & assistant activities, & social welfare services of Ardiin zorig negdel, 1989

	Number of workers	Average wages (tugrics)
Auxiliary activities - Total	85	
Wood preparation	4	354
Wood processing	9	388
Furniture unit	6	279
Metal working unit	1	400
Construction by negdel	c.l.	N.A
Sewing	c.l.	N.A
Processing of raw material	4	390
Bakery	6	296
Butter unit	17	309
Fodder unit	25	328
Traditional dairy products unit	c.l.	N.A
Canteen	8	298
Animal slaughtering unit	5	273
Assistant activities - Total	34	
Auto transport	10	455
Tractor transport	21	317
Traditional transport	3	192
Social welfare services		
Housing (11 houses)	c.l.	N.A
Water supply	c.l.	N.A
Hotel	c.l.	N.A
Maternal home	c.l.	N.A
Culture center (Club)	8	N.A

Note: c.l. stands for collective labour of negdel members

N.A stands for not available

Source: Form KHAA-16, 21, 24,27 of Account book, 1989

Table 11. Production of Ardiin zorig negdel in 1989

Meat production			Milk production		
	Unit	Volume		Unit	Volume
Camel meat	tons	25.1	Cow milk	thous.liter	642.7
Horse meat	tons	206.6	Ewe milk	thous.liter	45.2
Beef	tons	304.4	Female goat milk	thous.liter	13.4
Mutton	tons	622.5	Mare milk	thous.liter	26.7
Goat meat	tons	146.8	Fodder		
Pork	tons	3.8	Corn	tons	1 000.0
Live animals to UB			Green fodder	tons	80.0
Horse	head	495	Dried fodder 'Surel'	tons	280.0
Cattle	head	711	Processed fodder 'Bagsarmal'	tons	216.5
Sheep	head	9 644	Crop		
Goat	head	1 949	Barley	tons	88.0
Wool, cashmere and hair			Cereals other than barley	tons	400.0
Camel wool	tons	0.4	Potatoes	tons	400.0
Sheep wool	tons	48.0	Cabbage	tons	390.0
Cattle cashmere	tons	2.7	Onions	tons	5.1
Cattle hair	tons	2.0	Carrots	tons	25.0
Goat cashmere	tons	3.6	Cucumber	tons	0.1
Goat hair	tons	2.8			
Harvest	tons	2 086.0			

Source: Forms KHAA-10, 13, 14, 17 of Account book, 1989

Table 12. Employees of Shine amidral negdel in 1989, and their employment in 1993 and 2003

Employees of negdel	Number	Monthly wages in 1989 (tugrics)	Place of birth	School and place of graduation	Profession	Number of livestock received upon privatization	Employment after collapse of negdel in 1993	Employment in June 2003
Chairman	1	900	Ulzit soum of Uvurkhangai aimag	Agricultural institute, UB	Economist	36	Migrated to Khujirt soum of Uvurkhangai aimag	Governor of Khujirt soum of Uvurkhangai aimag
Economist	1	845	Arvaikheer soum of Uvurkhangai aimag	Financial economics institute, UB	Economist	36	Migrated to UB	Live in UB
General book-keeper	1	750	Khankhorin soum of Uvurkhangai aimag	Agricultural institute, UB	Accountant	36	Tax officer, governor's office, Bayangol soum	Head of tax department, Bayangol soum
Assistant book-keepers	3	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Technicians	4	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Store keeper	1	320	Bayangol soum	3th grade in Bayangol	No profession	36	Livestock breeder	Livestock breeder
Veterinarians	4	425	Bayangol soum	Agricultural tech.yoc. school, UB	Assistant veterinarian	27	Livestock breeders	Livestock breeders
Clerk	1	N.A	N.A	N.A	N.A	N.A	Typewriter, governor's office, Bayangol soum, Uvurkhangai aimag	same as in 1993
Livestock breeders	1 509	180	N.A	N.A	N.A	N.A	Livestock breeders	N.A

Note: N.A. stands for not available

Source: Statistician of Bayangol soum, 2003

Table 13. Employees of Ardiin zorig negdel in 1989, and their employment in 1992 and 2003

Employees of negdel	Number	Monthly wages in 1989 (tugrics)	Place of birth	School and place of graduation	Profession	Number of livestock received upon privatization	Employment after collapse of negdel in 1992	Employment in June 2003
Chairman	1	950	Tosontsengel soum	Agricultural institute, UB	Zoo technician	250	Director of cooperative in Tosontsengel	Veterinary - officer, governor' office, Tosontsengel soum
Vice-chairman	1	750	Tosontsengel soum	Construction tech. voc. school, UB	Construction technician	40	Unemployed	Passed away
Economist	1	850	Bulgan aimag	Agricultural institute, Erkhutsk, FSU	Economist	24	Migrated to Bayansogt soum of Bulgan aimag	Second governor of Rashaant soum of Khuvsgul aimag
General book-keeper	1	850	Tosontsengel soum	Agricultural institute, UB	Accountant-economist	50	Accountant in bank, Tosontsengel soum	Director of branch of KHAAN bank in Tosontsengel soum
Assistant book-keepers	4	550	Tosontsengel soum	Financial tech. voc. school, UB	Assistant accountant	40	Unemployed	Livestock breeders
Store keeper	1	450	Tosontsengel soum	10th grade in Tosontsengel	No profession	40	livestock breeder	same as in 1992
Veterinarians	4	450	Tosontsengel soum	Agricultural tec. voc. school, UB	Assistant veterinarian	60	livestock breeders	same as in 1992
Staff-chief	1	600	Tosontsengel soum	Legal tec.voc. school, UB	Assistant lawyer	75	Individual business	same as in 1992
Clerk	1	470	Tosontsengel soum	10th grade in Tosontsengel	typewriter	52	typewriter, governors office, Tosontsengel soum	same as in 1992
Livestock breeders	481	180	N.A	N.A	N.A	N.A	livestock breeders	same as in 1992

Note: N.A stands for not available

Source: Second governor of Tosontsengel soum, 2003

Appendix B: Additional figures for Chapter 3

Figure 1
A sustainability framework for a person with a wage-labour livelihood

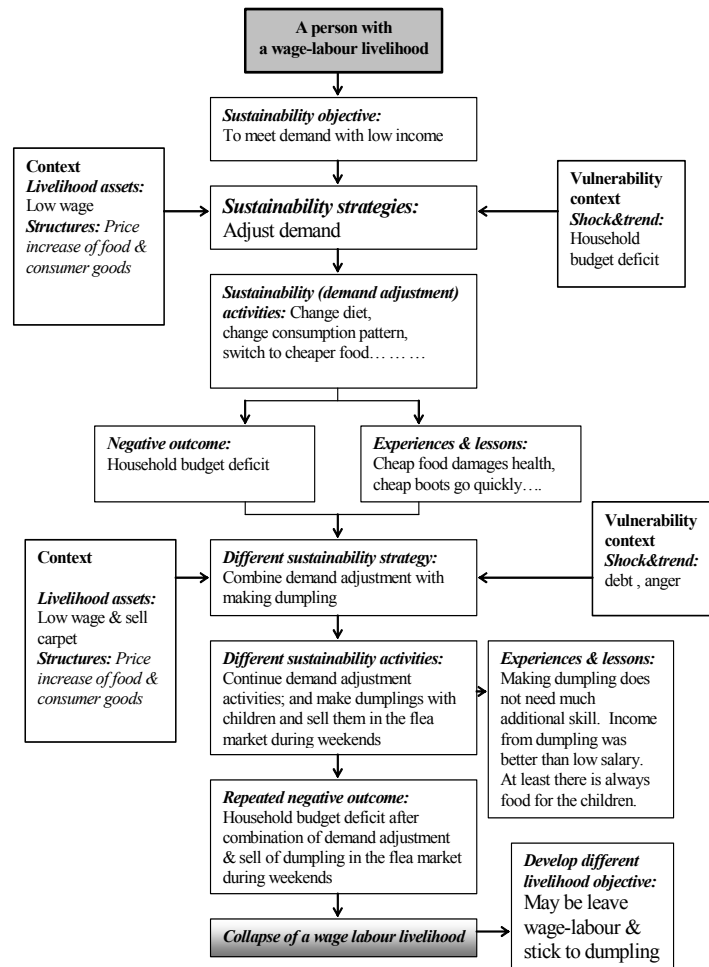
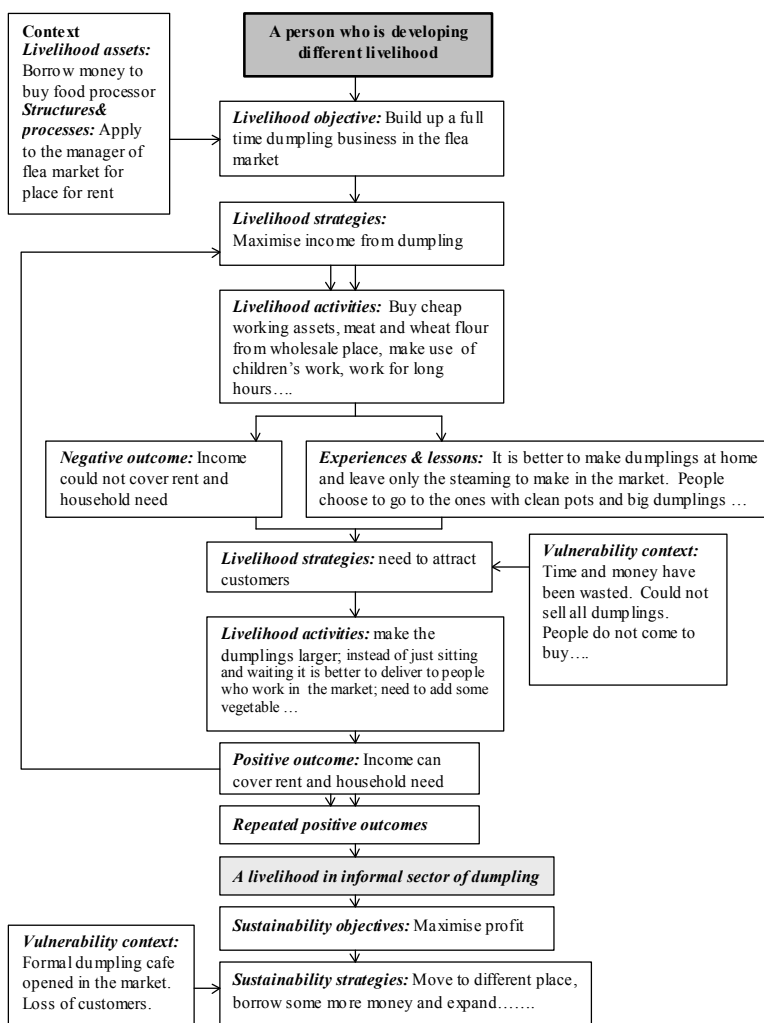


Figure 2
 A livelihood framework for a person who is starting dumpling business informally



Appendix C: Additional figures and tables for Chapter 4

Table 1. Second job, by industry and location

	Total	UB	AC	SC
Total - N	38	18	15	5
%	100.0	100.0	100.0	100.0
Agriculture	7.9	-	6.7	40.0
Manufacturing	18.4	16.7	20.0	20.0
Clothing & housing material	10.5	5.6	13.3	20.0
Processing industry	2.6	5.6	-	-
Food and beverages	5.3	5.6	6.7	-
Construction	7.9	11.1	-	20.0
Retail trade	26.3	22.2	40.0	-
Hotels & restaurants	7.9	11.1	6.7	-
Transport	5.3	5.6	-	20.0
Business activities & services for organisations	7.9	11.1	6.7	-
Public administration	5.3	11.1	-	-
Education	2.6	5.6	-	-
Health and social work	5.3	5.6	6.7	-
Membership, recreational, cultural and sport activities	2.6	-	6.7	-
Household & personal services	2.6	-	6.7	-

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

Table 2. Second job, by employment status and location

	Total	UB	AC	SC
Total - N	38	18	15	5
%	100.0	100.0	100.0	100.0
FORMAL LABOURERS	10.5	11.1	13.3	-
Employees	7.9	11.1	6.7	-
Employers	2.6	-	6.7	-
INFORMAL LABOURERS	36.8	55.6	20.0	20.0
Rotating workers	7.9	11.1	6.7	-
Visiting workers	5.3	5.6	-	20.0
Paid workers	10.5	16.7	6.7	-
Casual workers	13.2	22.2	6.7	-
INFORMAL BUSINESS WORKERS	52.6	33.3	66.7	80.0
Individual business workers	39.5	11.1	66.7	60.0
Household business workers	10.5	16.7	-	20.0
Unpaid workers	2.6	5.6	-	-

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

Table 3. 12 months job, by industry and location

	Total	UB	AC	SC
Total - N	78	47	22	9
%	100.0	100.0	100.0	100.0
Agriculture	1.3	2.1	-	-
Mining and quarrying	7.7	4.3	-	44.4
Manufacturing	20.5	27.7	9.1	11.1
Clothing & housing material	11.5	17.0	4.5	-
Processing industry	2.6	4.3	-	-
Food and beverages	6.4	6.4	4.5	11.1
Electricity, heating & water supply	3.8	4.3	4.5	-
Construction	7.7	12.8	-	-
Wholesale trade	6.4	8.5	4.5	-
Retail trade	21.8	14.9	45.5	-
Hotels and restaurants	3.8	4.3	4.5	-
Transport	6.4	8.5	4.5	-
Post and telecommunications	1.3	2.1	-	-
Business activities & services for organisations	2.6	2.1	4.5	-
Public administration	3.8	-	4.5	22.2
Education	7.7	6.4	4.5	22.2
Health and social work	1.3	-	4.5	-
Sewage, disposal, sanitation & collection activities	3.8	2.1	9.1	-

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

Table 4. 12 months job, by employment status and location

	Total	UB	AC	SC
Total - N	78	47	22	9
%	100.0	100.0	100.0	100.0
Employees	50.0	55.3	36.4	55.6
INFORMAL LABOURERS	15.4	12.8	27.3	-
Rotating workers	3.8	4.3	4.5	-
Visiting workers	3.8	6.4	-	-
Paid workers	7.7	2.1	22.7	-
Individual business workers	34.6	31.9	36.4	44.4

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

Table 5. Sex ratio of persons who had first job, by job change status and age group

Age group	Persons aged 12+	Persons who had first job	No change	One change			Two or more changes		
				Total	With no current job	With current job	Total	With no current job	With current job
Total	84.9	87.9	70.4	88.3	63.7	115.8	110.4	93.9	132.3
12-19	84.1	48.8	120.0	140.0	200.0	50.0	3.8	6.3	-
20-29	83.8	80.2	82.1	101.4	62.5	151.6	45.8	55.0	39.3
30-39	85.0	91.7	62.1	89.5	68.4	100.0	153.1	176.9	136.8
40-49	84.7	96.8	39.0	85.4	73.1	89.6	418.2	216.7	660.0
50-59	101.4	91.5	111.1	94.4	47.5	228.6	73.7	21.1	-
60-69	74.6	94.3	-	72.9	63.0	300.0	300.0	260.0	-
70-79	100.0	108.7	-	85.0	70.0	-	266.7	266.7	-
80+	62.5	76.9	-	46.2	46.2	-	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 6. Sex ratio of persons aged 12+ and who had first job, by job change status and education

Education	Persons aged 12+	Persons who had first job	No change	One change			Two or more changes		
				Total	With no current job	With current job	Total	With no current job	With current job
Total	84.9	87.9	70.4	88.3	63.7	115.8	110.4	93.9	132.3
Non-educated	63.2	27.8	-	25.0	27.3	-	16.7	16.7	-
Grades 1-3	85.2	122.6	400.0	87.0	56.5	-	200.0	200.0	200.0
Grades 4-8	104.4	107.7	122.2	90.5	69.4	132.0	137.9	123.5	158.3
Grades 9-10	80.3	90.2	80.9	95.3	87.7	104.1	87.1	61.9	140.0
Technical vocational	147.2	163.8	400.0	142.4	84.6	180.0	163.6	200.0	150.0
Special vocational	61.9	60.3	37.0	59.3	45.7	68.6	108.3	130.0	92.9
High and above	70.7	76.7	45.8	94.7	44.7	128.6	91.7	65.0	125.0

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Figure 1
Job change status, by education and sex

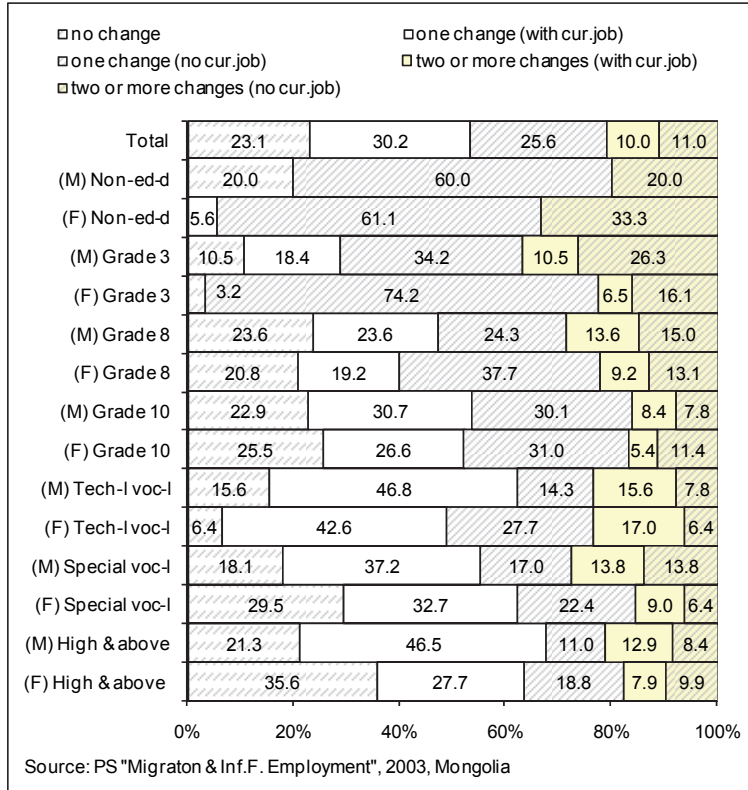


Figure 2
Job change status, by major industries

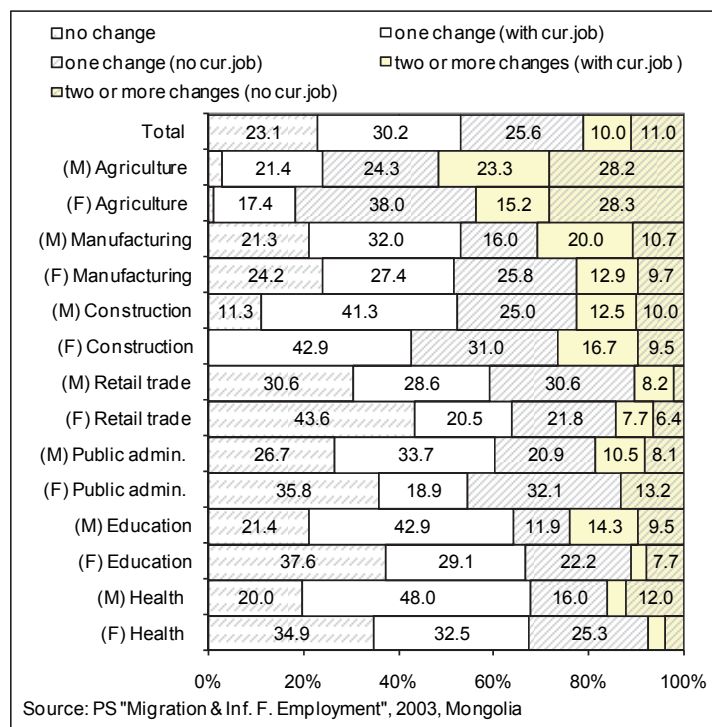


Table 7. Sex ratio of persons who had first job, by job change status and industry

Industry	Total	No change	One change			Two or more changes		
			Total	With no current job	With current job	Total	With no current job	With current job
Total	87.9	70.4	88.3	63.7	115.8	110.4	93.9	132.3
Agriculture	112.0	300.0	92.2	71.4	137.5	132.5	111.5	171.4
Manufacturing	60.5	53.3	54.5	37.5	70.6	82.1	66.7	93.8
Construction	190.5	-	171.0	153.8	183.3	163.6	200.0	142.9
Retail trade	62.8	44.1	87.9	88.2	87.5	45.5	20.0	66.7
Public administration	162.3	121.1	174.1	105.9	290.0	228.6	100.0	-
Education	35.9	20.5	38.3	19.2	52.9	76.9	44.4	150.0
Health & social work	30.1	17.2	33.3	19.0	44.4	66.7	100.0	33.3

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

Table 8. Industry distribution of current job of persons who stopped their first jobs in public administration, education and health

Current job industry	Public	Education	Health
	administration		
Total - N	39	52	39
%	100.0	100.0	100.0
Agriculture	-	1.9	-
Manufacturing	5.1	7.7	2.6
Electricity, heating & water supply	-	-	2.6
Construction	2.6	-	2.6
Recycling industry	-	1.9	-
Wholesale trade	2.6	-	5.1
Retail trade	23.1	15.4	25.6
Hotels and restaurants	5.1	7.7	2.6
Transport	7.7	3.9	7.7
Post and telecommunications	5.1	-	-
Financial intermediation	33.3	1.9	-
Computer and related activities	-	-	2.5
Research and development	-	1.9	-
Public administration	-	11.6	5.1
Education	7.7	42.3	7.7
Health and social work	-	-	35.9
Membership, recreational, cultural and sport activities	7.7	1.9	-
Household & personal services	-	1.9	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 9. First reasons for stopping first and previous jobs for people who stopped their first jobs in public administration, education and health

Reasons for stopping jobs	Public administration		Education		Health	
	First job	Prev. job	First job	Prev. job	First job	Prev. job
Total - N	23	23	23	23	10	10
%	100.0	100.0	100.0	100.0	100.0	100.0
MOVED TO NOT EC. AC. POP.	60.9	87.0	56.5	73.9	80.0	100.0
MOVED TO NON-WORKERS	30.4	43.5	17.4	26.1	20.0	20.0
MOVED TO POTENTIAL WORKERS	30.4	43.5	39.1	47.8	60.0	80.0
<i>Moved to discouraged workers (due to low income)</i>	8.7	8.7	21.7	21.7	20.0	10.0
<i>Moved to discriminated workers</i>	13.0	8.7	4.3	17.4	20.0	10.0
By employers	13.0	8.7	4.3	17.4	10.0	-
By status in family	-	-	-	-	10.0	10.0
<i>Moved to failed workers</i>	8.7	26.1	13.0	8.7	20.0	60.0
Temporary or seasonal job	-	4.3	-	4.3	-	10.0
Loss not due to natural disaster	-	17.4	-	-	-	20.0
Difficulties	4.3	-	4.3	-	-	30.0
Establishment changed	4.3	4.3	8.7	4.3	20.0	-
Establishment dissolved	-	4.3	8.7	4.3	20.0	-
Establishment shrunk	4.3	-	-	-	-	-
EMPLOYMENT MOVEMENT	8.7	13.0	13.0	17.4	10.0	-
MIGRATION	30.4	-	30.4	8.7	10.0	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 10. Education of unemployed and potential workers, by location & sex

	UB			AC			SC		
	T	M	F	T	M	F	T	M	F
Unemployed	105	55	50	24	10	14	19	15	4
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-educated	-	-	-	4.2	10.0	-	10.5	13.3	-
Grade 3	3.8	1.8	6.0	8.3	20.0	-	-	-	-
Grades 8-10	58.1	65.5	50.0	66.7	60.0	71.4	68.4	66.7	75.0
T & S Voc.	18.1	18.2	18.0	8.3	10.0	7.1	21.1	20.0	25.0
High & above	20.0	14.5	26.0	12.5	-	21.4	-	-	-
Potential workers	65	36	29	58	35	23	20	12	8
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-educated	-	-	-	1.7	2.9	-	-	-	-
Grade 3	1.5	2.8	-	1.7	-	4.3	5.0	-	12.5
Grades 8-10	58.5	66.7	48.3	63.8	65.7	60.9	65.0	75.0	50.0
T & S Voc.	21.5	16.7	27.6	20.7	25.7	13.0	25.0	25.0	25.0
High & above	18.5	13.9	24.1	12.1	5.7	21.7	5.0	-	12.5

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

Table 11. Major types of potential workers in the three locations, by age group and sex

UB	AC	SC
Males aged 12-29		
DWs-no permanent job (26.7%)	DWs-no permanent job (81.3%)	DWs-no permanent job (80%)
DWs-low income (26.7%)	DWs-low income (6.3%)	DWs-informal
DWs-no specific jobs	DWs-no specific jobs	
Discriminated workers	DWs-informal	
Failed workers		
Males aged 30-49		
DWs-low income (50.0%)	DWs-no permanent job (58.8%)	DWs-no permanent job (100%)
DWs-no permanent job (18.8%)	DWs-low income (17.6%)	
Failed workers	Failed workers	
Discriminated workers	DWs-no specific jobs	
DWs-informal	DWs-informal	
Males aged 50+		
DWs-no specific jobs	Failed workers	-
Discriminated workers		
DWs-informal		
Females aged 12-29		
DWs-low income (41.7%)	DWs-no permanent job (76.9%)	DWs-no permanent job (66.7%)
DWs-no permanent job (25.0%)	DWs-informal	DWs-no specific jobs
DWs-no specific jobs	Failed workers	
DWs-informal		
Females aged 30-49		
DWs-low income (31.3%)	DWs-no permanent job (70.0%)	DWs-no permanent job (50.0%)
DWs-no permanent job (25.0%)	DWs-low income (10.0%)	Discriminated workers
Discriminated workers	DWs-no specific jobs	DWs-informal
DWs-no specific jobs	DWs-informal	
DWs-informal		
Females aged 50+		
Discriminated workers	-	DWs-informal

Source: PS "Migration and F.Inf.Employment", 2003, Mongolia

Table 12. New skills for current job by first job industry

Skills	Agricul - ture	Manufac- turing	Construc - tion	Retail trade	Public administration	Education	Health
Current jobs - N	15	130	52	188	96	102	57
% of Current job with new skills	86.7	13.8	30.8	9.0	16.7	17.6	28.1
New skills - N	13	18	16	17	16	18	16
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short term courses	46.2	55.6	68.8	94.1	93.8	66.7	87.5
Service workers	7.7	-	6.3	23.5	-	-	18.8
Industrial workers	-	16.7	-	-	-	-	-
Construction workers	15.4	5.6	6.3	5.9	-	-	-
Operators and drivers	15.4	11.1	31.3	41.2	-	16.7	-
Computer skill	-	11.1	-	-	31.3	5.6	6.3
Assistant professionals	-	-	-	-	-	5.6	-
Technical workers	-	5.6	-	-	-	-	-
English language	-	-	6.3	17.6	25.0	11.1	-
Professional training	7.7	5.6	18.8	5.9	37.5	27.8	62.5
Other than short term courses	53.8	44.4	31.3	5.9	6.3	33.3	12.5
Informal training	7.7	5.6	12.5	-	-	5.6	-
Self-learning production skills	38.5	33.3	18.8	5.9	-	-	6.3
Self-learning working skills	7.7	5.6	-	-	-	-	-
High education	-	-	-	-	6.3	27.8	6.3

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 13. First vs. secondary reasons for stopping previous jobs

First reasons for stopping jobs	Second reasons for stopping jobs										
	TOTAL	Column %	Row %	Moved to not ec. ac. pop.	Moved to non-workers	Moved to potential workers	to discouraged workers	to discriminated workers	to failed workers	Employment movement	Migration
TOTAL	366	100.0	100.0	29.2	9.6	19.7	4.9	4.4	10.4	16.4	54.4
Moved to not ec.ac.pop.	351	95.9	100.0	28.5	9.1	19.4	5.1	4.6	9.7	16.2	55.3
Moved to non-workers	37	10.1	100.0	2.7	2.7	-	-	-	-	2.7	94.6
Moved to PWs	314	85.8	100.0	31.5	9.9	21.7	5.7	5.1	10.8	17.8	50.6
to discour-d workers	79	21.6	100.0	48.1	16.5	31.6	-	1.3	30.4	31.6	20.3
to discrim-d workers	29	7.9	100.0	58.6	6.9	51.7	37.9	-	13.8	10.3	31.0
to failed workers	206	56.3	100.0	21.4	7.8	13.6	3.4	7.3	2.9	13.6	65.0
Employment movement	15	4.1	100.0	46.7	20.0	26.7	-	-	26.7	20.0	33.3

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Appendix D: Classifications used for Chapter 5

A. Classification of status in employment for Mongolia, 2003

CSEM

I. The name and conceptual basis for the classification

1. The classification of status in employment for Mongolia (CSEM-2003), given in section II, is based on the International Classification of Status in Employment (ICSE-93) as well as on printed detailed answers to the question on employment status or findings of the Primary Survey “Migration and Formal and Informal Employment in Mongolia, 2003”. The group definitions and statistical treatment are given in section III.
2. The CSEM classifies jobs held by persons at a point in time. The basic criteria used to define the groups of the classifications is the relationship of the person with other persons in the given production unit.
3. The CSEM classifies persons according to rules set out in section IV.

II. The CSEM -2003 groups

4. The CSEM-2003 consists of the following groups, which are defined in section III.

(1) formal labourers	(1) formal labourers	(11) employees
		(12) employers
		(13) cooperative members
(2) informal workers	(21) informal labourers	(211) rotating workers
		(212) visiting workers
		(213) paid workers
		(214) casual workers
	(22) informal business workers	(221) individual business workers
		(222) household business workers
		(223) unpaid workers

III. Group definitions and statistical treatment

5. The groups in the CSEM-2003 are defined, as in the ICSE-93, with reference to the distinction between “paid employment” on the one side and “self-employment” jobs on the other.

6. Paid employment jobs, as it is defined in the ICSE-93, are those jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them as basic remuneration which is not directly dependent upon the revenue of the unit for which they work (this unit can be a corporation, a non-profit institution, a government unit or a household). Some or all of the tools, capital equipment, information systems and/or premises used by the incumbents may be owned by others, and the incumbents may work under direct supervision of, or according to strict guidelines set by the owner(s) or persons in the owners’ employment. (Persons in “paid employment jobs” are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments such as food, housing or training.)

7. Self-employment jobs, as it is defined in the ICSE-93, are those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). The incumbents make the operational decisions affecting the enterprises, or delegate such decisions while retaining responsibility for the welfare of the enterprise. (In this context “enterprise” includes one-person operations.)

8. (1) Formal labourers are persons who work in the formal production units (see Classification of Production Units for Mongolia (CPUM)-2003 for definition of formal production units) with stable contracts, security provisions and who are subject to national labour legislation. They can hold the type of job defined either as a paid employment job (cf. paragraph 6) or as a self-employment job (cf. paragraph 7). Formal labourers are further divided into sub-groups as employees (cf. paragraph 9), employers (cf. paragraph 10) and cooperative members (cf. paragraph 11).

9. (11) Employees, in this CSEM-2003, are all those workers who hold the type of job defined as “paid employment jobs”, as it is given in (paragraph 8 of) ICSE-93, and those who have “stable contracts” for whom the employing organization is responsible for payment of relevant taxes and social security contributions and/or where the contractual relationship is subject to national labour legislation. In other words, in this CSEM-2003, employees refer to “regular” employees only.

10. (12) Employers, as it is defined in (paragraph 9 of) ICSE-93, are those workers who work on their account and hold the type of job defined as a “self-employment job” (cf. paragraph 7), and in this capacity, on a continuous basis (including the reference period) have engaged five or more persons to work for them in their business as “employee(s)” (paragraph 9 of CSEM-2003). The meaning of “engage on continuous basis” refers to the engagement for the period of six or more months. Employers do possess business property partially or fully but also engage in the business by himself/ herself.

In our survey, a lecturer in a state university who owns a restaurant, but rented for someone else, is created as an employee but not as an employer because he currently works as a lecturer though he owns a restaurant.

11. (13) Cooperative members, as it is defined in (paragraph 11 of) ISCE-93, are workers who hold a “self-employment job” (cf. paragraph 7) in a cooperative producing goods and services, in which each member takes part on an equal footing with other members in determining the organization of production, sales and/or other work of the establishment, the investments and the distribution of the proceeds of the establishment amongst their members. Cooperative members work in cooperatives (see CPUM-2003 for definition of cooperatives). (It should be noted that “employees” (cf. paragraph 8) of cooperatives are not to be classified to this group.)

12. (2) Informal workers are persons who work without stable written contracts, security provisions and who are not subject to the national labour legislation. Informal workers mainly work in the informal production units (see CPUM-2003 for definition of informal production units). (It should be noted that informal workers can work in the formal production units.) They can hold the type of job defined either as a paid employment job (cf. paragraph 6) or as a self-employment job (cf. paragraph 7). Informal workers are further divided into sub-groups as informal labourers (cf. paragraph 13) and informal business workers (cf. paragraph 18).

13. (21) Informal labourers are all those workers who hold the type of job defined as “paid employment job” (cf. paragraph 6), but without stable written contracts, security provisions and who are not subject to the national labour legislation. Informal labourers mainly work in the informal production units, but can work in the formal production units as well. The major feature of informal labourers, which distinguish them from informal business workers (cf. paragraph 18), is that informal labourers do not possess capital and asset other than own labour power. Informal labourers get paid according to the agreement between labourers and users, and in most cases

oral. In most cases, they do not have fixed (or do have loose or informal) labour arrangement with regard to income, working hours, and work routine. Moreover, in most cases, they are not attached (or loosely or informally attached) to any type of production units (individual business, household business, small and large companies, and state organizations and companies). Thus, in terms of supply side, they can be called as informal labourers, and in terms of demand side, informal labourers can be used both in informal and formal sectors. Informal labourers are further divided into sub-groups as rotating workers (paragraph 14), visiting workers (paragraph 15), paid workers (paragraph 16) and casual workers (paragraph 17).

14. (211) Rotating workers are classified as being in “paid employment jobs” (cf. paragraph 6) as any other informal labourers (cf. paragraph 13) who do possess labour power only, but no other capital and asset. Rotating workers engage in a job which is not attached to any type of business or production units (individual business, household business, small and large companies, and state organizations and companies). Instead, they always search for a job, and rotate in response to any job available. Labour arrangements (or organizations or conditions) depend on job itself. In most cases, rotating workers have 'on & off' working hours and work routine, but not fixed. More importantly, they do not have a clear line of occupation and industry. Instead, they rotate between different types of elementary occupations in any industry. Today (or in the morning) a rotating worker can be a street cleaner for one small private company which engage in food manufacturing, and tomorrow (or in the afternoon) he/she can be a freight carrier in train station when train arrives.

Rotating workers are similar with outworkers in (paragraph 14(h) of) ICSE-93, as they agree to supply a certain type of goods or services. At the same time, rotating workers are different from outworkers because rotating workers supply a certain type of goods or services not only for enterprises but also for people and households. Rotating workers also named after contract, temporary and loose labourers. In the CSEM- 2003, it was chosen to name them after rotating workers because of their unique characters of being always in search for a job and rotate in response to available jobs.

In our survey, rotating workers include freight carriers in train station (from Zamiin Uud), freight carriers by hand-vehicle in market, wood cutters and freight carriers in wood market, conductors in microbus, and those who reported do any job available. We found two other types of rotating workers: illegal and part time.

Illegal rotating workers engage in illegal jobs. In our survey, we found illegal street traders. It is common that rotating workers engage in part time jobs. In our survey, part time rotating workers include shift drivers, shift bus conductors, barmen in evening and cook in evening.

15. (212) Visiting workers are classified as being in “paid employment jobs” (cf. paragraph 6) as any other informal labourers (cf. paragraph 13) who do possess labour power only, but no other capital and asset. Visiting workers engage in a job which is not attached to any type of business (individual business, household business, small and large companies, state organizations and companies, etc.), like rotating workers. They always search for a job, and visit and do the job as finds. Unlike rotating workers, visiting workers have a clear line of occupation and industry. They are specialized in a particular type of service or job. Conventionally, visiting workers were viewed as self employed. But, in our survey, we separated them as visiting workers mainly because they do not have other capital than labour. It is different from individual business workers who need other capital, and may be other labour. Visiting workers offer their labour mainly for individuals, households and rarely for establishments.

In our survey, visiting workers include stove makers in a ger (traditional housing – a tent made from wooden frame and covered with wool felt) or in a conventional house, visiting service of cooking and cleaning to households, visiting house repair and visiting construction worker. Visiting workers work on individual and team basis.

Individual visiting workers accomplish ones task on its own without taking help from others. Majority of visiting workers works on individual basis. In our survey, majority of individual visiting workers provide service to households rather than to individuals and establishments. In our survey, individual visiting workers include persons who do repair of house, repair of doors, cleaning of toilet & disposal holes, prepare wood for fire, reaping grass, cleaning house and building wall-stove.

Team visiting workers team up when necessary or when they find a job. Team members tend to be kept the same. Team visiting workers are similar with work gang (crew) members in (paragraph 14k of) ICSE-93, as (oral) contract tends to be made with the team leader, but not with the individual worker.

In our survey, team visiting workers mainly engage in construction work, to build summer and winter houses in different places (UB, AC, SC, suburb and rural areas), do building completion work and do repair of house.

16. (213) Paid workers are classified as being in “paid employment jobs” (cf. paragraph 6) as any other informal labourers (cf. paragraph 13) who do possess labour power only, but no other capital and asset. Paid workers engage in a more or less permanent job which is (loosely) attached to individual or household business, and also with more or less permanent income. Put differently, paid workers are labourers in informal business. Paid workers are most likely to work for individual business workers (cf. paragraph 19). They tend to be (loosely) specialized. Paid workers are less likely to have formal contract and security provisions. Paid workers are similar with workers in short-term employment (paragraph 14f of ISCE-93) and workers in seasonal employment (paragraph 14g of ICSE-93), mainly in terms of duration of contract, as they have a (loose or informal) contract shorter than (regular) employees (cf. paragraph 9) and longer than casual workers (cf. paragraph 17).

In our survey, we found different paid workers: for (own and different) household, (own, different and contracted) individual business and (own, different and contracted) household business.

Paid workers for different household mainly engage in maintenance of different household. In our survey, paid workers work as care takers, house keepers and water carriers for different household.

Paid workers for individual business, in our survey, include paid workers (who work as sales workers, cleaners, preparatory workers, freight carriers, drivers, assistant workers and conductors) for (friend's, relative's and stranger's) individual business (which engage in trade of agricultural raw materials; retail sale of food products and consumer goods; wholesale of flour in train container; manufacturing of clothes, and inter city taxi service). Moreover, there were other cases: a paid worker who sells fried dumpling, and gets 5% from each sold dumpling, and a paid worker who cleans intestine in traditional way after slaughtering animal for meat procurement.

Paid workers for own household business tend to be young people. In our survey, we found a paid worker (a student) who does 'sale of milk in the morning' in the household business which have 'milk and traditional dairy products shop'.

Also there were only two cases of paid workers for different household business in our survey: a vegetable grower for stranger's household business, and a sales worker for different household business which produce traditional clothes.

Paid workers for individual business which is contracted with establishments (state, private, NGO, etc.) are found in our survey – a dish washer for an individual business worker who has a canteen for state organization.

17. (214) Casual workers are classified as being in “paid employment jobs” (cf. paragraph 6) as any other informal labourers (cf. paragraph 13) who do possess labour power only, but no other capital and asset. Casual workers, similar with casual workers in paragraph 14e of ICSE-93, are workers who have an explicit or implicit contract of employment which is not expected to continue for more than a short period, and casual work is the work which is available only occasionally. Cases in our survey suggested that casual work tend to be second job, as well as the major activity in the year, in terms of income. Casual workers do not search for the occasional work. In other words, they are aware of work is not permanent, but take it when it becomes available. Casual work is likely to be a job of particular qualifications and skills. In our survey, we found a Russian speaking person who works as a Russian translator when job becomes available. We found three types of casual workers in our survey: contracted with formal establishment, worked over time and worked over norm.

It is common that people work as casual workers for formal establishments (state, private, NGO and religious organization). In our survey, casual work contracted with formal establishments include: electricity installation, development of business project, preparation of financial account, financial auditing, sell of newspapers and tickets for religious organization, consultancy service on health, repair of computers, performance (singing and dancing) for the new year party, painting for advertisement, supervision of students for diploma and master's thesis in private institute, and translation written and verbal.

Casual workers also do casual work for the same establishment, but over time. In our survey, it includes activities such as extra schedule teaching, festival profit, seasonal profit, supervision of diploma work, yearly art performance, participated in additional project, publication, and extra schedule medical service.

Casual workers do casual work for the same establishment, but over norm. In our survey, we found sewers who wait for appearance of over norm work in sewing factory.

18. (22) Informal business workers are similar with own account workers, which are defined in paragraph 10 of ICSE-93, as those workers who working on their own account or with one or more partners, hold the type of job defined as “self-employment jobs” (cf. paragraph 7), and have not engaged

on a continuous basis any “employees” (cf. paragraph 9) to work for them during the reference period. Conventionally, informal business workers are named after self-employed or own account workers. In this CSEM-2003, informal business workers are defined differently from informal labourers as the former possesses capital and asset in addition to own labour power while the latter possesses labour power only. Informal business workers are persons who engage in informal business. Also, in this CSEM-2003, informal business workers are further divided into sub-groups as individual business workers (cf. paragraph 19), household business workers (cf. paragraph 20) and unpaid workers (cf. paragraph 21).

19. (221) Individual business workers are more likely to suit to the conventional concepts of self-employed (cf. paragraph 7) or own account workers (cf. paragraph 10 of ICSE-93). Individual business workers engage in business (i.e. engage in production of goods, provision of services and in trade) individually. An individual business worker can engage in the business by himself/herself only. Therefore, the business (profit or income, prosperity, etc.) is solely dependent on himself/herself. Moreover, an individual business worker can hire labour (mainly paid workers (cf. paragraph 16)) to accomplish certain tasks when necessary but not always on permanent basis and not necessarily with security provisions.

More importantly, individual business workers normally need more capital (assets, work place, raw materials, etc.) other than his/her labour itself. For example, a traditional dress maker needs her/his skill to sew the dress, and in addition to that, she/he would need a work place and a sewing machine.

Individual business workers engage in different activities, in terms of occupation, ranging from collectors (the occupation which is newly emerged in Mongolia which is similar to communal resource exploiters defined in paragraph 14r of ICSE-93) to dentists and engineers, and in terms of industry, ranging from agriculture and retail trade to health. In our survey, individual business workers engage in manufacturing. They produce and sell both traditional (Mongolian and Buriad) and modern footwear, and clothes (deed, leather jacket and coat, and office suits); wool thread; and wooden (ger wood, chairs, boxes, saddle, etc.) and metal (oven, car trailer) products. Individual business workers also engage in transport: taxi service (micro bus, car, motorcycle); and (intra and inter cities, short and long distance, passenger and freight) transport. Individual business workers also engage in service of repair of electric consumer goods (TV, freezer, watch, etc.). Individual business workers also work as a dentist, and a hairdresser. Individual

business workers also engage in collection and sell from nature (dung, wild nuts and fruits, and reap grass) and garbage (nonferrous and ferrous (copper & brass) metal, glass, tin and garbage) or work as communal resource exploiters (defined in paragraph 14r of ICSE-93).

In our survey, we found different types of individual business workers: contracted with formal establishments, rotating, visiting and illegal.

Individual business workers contracted with formal establishments (renting or not renting place in establishments) work for them, but not for market. For example, retailers, hairdressers and cooks rent place in small private companies and state organizations, and work for them.

Rotating individual business workers rotate in response to available jobs. In our survey, it includes ger-refectory business when and where is needed (during tourism period, in illegal hand gold mining places, and on the road during peak travel period), preparation and sale of dairy products when and where is needed (during holiday period in camps), and ger-motel during festival.

Visiting individual business workers do a visiting work. In our survey, it includes preparation of food at home (hot food, traditional hot dairy products) and sale on visiting basis, carry mobile telephone set and provide calling service, visiting welding service, and visiting service of repair of computer.

Illegal individual business workers engage in individual business illegally. In our survey, we found a person who engages in sale of vodka and cigarette at home after shop closes. In Mongolian language, it has a jargon name which is 'shaglakh'.

20. (222) Household business workers engage in business (i.e. engage in production of goods, provision of services and in trade) with other members of household. Conventionally, household business workers are created together with individual business workers as self-employed (cf. paragraph 7) or own account workers (cf. paragraph 10 of ICSE-93). Household business workers defined in this CSEM-2003 is similar with subsistence workers (cf. paragraph 10 of ICSE-93) which are defined as workers who hold a "self-employment jobs" (cf. paragraph 7) and in this capacity produce goods or service which are predominantly consumed by their own household and constitute an important basis for its livelihood. There is a key difference. It is that household business workers, in this CSEM-2003, refer to household business which is not only predominantly consumed by their own household but also it includes market-oriented household business. The household business has the following features: 1) it is more likely to engage in

production rather than in service and trade, 2) it involves more than one (or all) members of a household, 3) it has labour division, 4) it uses household assets as business asset, and 5) it varies in size. Size of household business varies from home based production to a well established and specialized small scale household firm. Moreover, a household business worker might or might not be a head of household. His/her main responsibility is to take care for household business but not for household maintenance. Unpaid workers (cf. paragraph 21) work for household business workers. Also a household business worker can hire labour outside the household on temporary and permanent basis.

Household business workers engage in different industries, from agriculture and trade to health. In our survey, household business workers engage in agriculture, livestock breeding and crop. They grow and sell vegetables and fodder for livestock. Household business workers also engage in manufacturing. They produce and sell traditional dairy (aaruul, eezgii, etc.) and non-food products (felt, carpet, etc.). They also produce and sell food and beverages (bread, ice-cream, beer, soft drink). Also household business workers, like individual business workers, engage in production and sell of both traditional (Mongolian and Buriad) and modern footwear, and clothes (deel, leather jacket and coat, and office suits), and wooden (ger wood, chairs, boxes, saddle, etc.) and metal (oven, car trailer) goods. Also household business workers engage in (intra and inter cities, short and long distance, passenger and freight) transport.

Moreover, household business workers maintain food shop, fuel distribution station, mortgage money lending or pawn brokers which is called 'lombards', sauna and bath; and repair shop of vehicle (automobile, wheel, motorcycle, etc.), and (ger) refectory. Also household business workers engage in trade, mainly in procurement and sell of agricultural raw materials (dairy products, meat, skin, wool and cashmere).

Moreover, households engage in illegal activities (illegal household business workers). In our survey, husband and wife engaged in production of vodka at home, using raw materials that are not legally allowed to be used for making food and drink, and sell them at low price.

21. (223) Unpaid workers are persons who offer ones labour and get rewards in kind (food, (second hand) clothes, shelter and permission). Unpaid workers are extended definition of contributing family workers (cf. paragraph 12 of ICSE-93) which are defined as those workers who hold a "self-employment job" (cf. paragraph 7) in a market-oriented establishment operated by a related person (living in the same household), and who can not be

regarded as a partner, because their degree of commitment to the operation of the establishment. In most cases, unpaid workers work for (own) household business worker, and some unpaid workers become responsible for the business when necessary. Unpaid workers, who work for different family or household or household business, work mainly to get 'free eating and sleeping place'.

In our survey, we found different types of unpaid workers: for (own and different) family, (family member and non-family member) individual business, (own and different) household business, and to get permission.

Unpaid workers for own family, for e.g. in our survey, include a young man who looks after his grandmother and lives on her pension.

Unpaid workers for different family, for e.g. include, a school girl who looks after a relative's baby and lives on their assistance.

Unpaid workers for family member individual business, for e.g. include, a husband (a driver) who helps to maintain a drug store for his wife (a medical doctor), and a husband who helps to produce and sell traditional art articles for his wife (a designer).

Unpaid workers for non-family member individual business, for e.g. include, a person who cleans dishes for a dumpling maker, and takes free lunch and dinner.

Unpaid workers for own household business, for e.g. include, a school girl who works in household kiosk after class.

Unpaid workers for different household business, for e.g. include, a person who has no home and moves from one to another household and helps to household business or offers medical care or some religious service, and takes free eating and sleeping place (Mongolian traditional name for this kind of person is 'Badarchin'); and a person who helps to grow vegetables and stays (or takes free eating and sleeping place) during vegetation period in the household which grow vegetables.

Unpaid workers to get an access or permission, for e.g. in our survey, include a person who laid garbage with no pay to get permission to have access into the garbage.

IV. Classification of persons

22. Employed persons are classified by status in employment according to the following rules:

(a) a person with only one classifiable job during the reference period is classified to the status in employment group of that job;

(b) a person with two or more jobs during the reference period is classified to the status in employment of the main job. The main job is defined based on hours of work and regularity of the work.

23. The CSEM-2003 is developed based on the ICSE-93 as well as printed responses to the questions on employment status of the Primary Survey "Migration and Formal and Informal Employment, 2003". The CSEM-2003 is developed based on five jobs (current job, second job, previous job, first job and the major activity accomplished in the year in terms of income), and applied to four jobs (current job, second job, previous job and first job) for the analysis.

V. Data collection and reporting

24. For data collection, ILO standard pre-coded questions on employment status is used, and in addition to this, open space was given in the questionnaire for the interviewer to print in detail 'What does respondent do?' if she/ he finds difficulties to define employment status. The printed answers were analysed in detail and used to develop the CSEM-2003, and in turn, CSEM-2003 was used to code the questionnaires. The CSEM-2003 gives the following opportunities:

1. to make a clear boundary between formal and informal employment.
2. to make a complete coverage of jobs or economic activity.
3. to identify all jobs according to employment status and no one to be categorised under 'other' category in employment status.

B. Classification of production units for Mongolia, 2003

CPUM

I. The name and conceptual basis for the classification

1. The classification of production units for Mongolia (CPUM-2003), given in section II, is based on the ILO guidelines (Husmanns 2004) as well as on findings of the Primary Survey “Migration and Formal and Informal Employment in Mongolia, 2003”. The group definitions and statistical treatment are given in section II.
2. The CPUM-2003 classifies production units of the jobs held by persons at a point in time, and the CPUM-2003 classifies persons according to rules set out in section III.

II. The CPUM -2003 groups

3. The CPUM -2003 consists of the following groups, which are defined in section II.

(1) Market	(11) Open market
	(12) Housed market
(2) Small places	(21) Kiosk (TUTS)
	(22) Container (train)
	(23) Street
	(24) Visit
(3) Household /home	(31) Own household /home
	(32) Non-stranger's household /home
	(33) Stranger's household /home
(4) Small companies	(41) Own small private company
	(42) Non-stranger's small private company
	(43) Stranger's small private company
(5) Large places	(51) State organization / company
	(52) Private/ shareholding company
	(53) Foreign invested company
	(54) Cooperatives
	(55) NGO's
	(56) International organization
(57) Membership organization	
	(58) Sport organization

II. Group definitions and statistical treatment

4. The groups in the CPUM-2003 are defined based on definition of “enterprises”, given in ILO guidelines (Husmanns 2004), and with reference to the distinction between “informal enterprise” jobs on the one side and “formal enterprise” jobs on the other.

5. Enterprise in this CPUM-2003 refers to the term of ‘enterprise’ which is given in Husmanns (2004) as follows:

The term ‘enterprise’ is used here in a broad sense, referring to any unit engaged in the production of goods or services for sale or barter. It covers not only production units, which employ hired labour, but also production units that are owned and operated by single individuals working on own account as self-employed persons, either alone or with the help of unpaid family members. The activities may be undertaken inside or outside the enterprise owner’s home, and they may be carried out in identifiable premises, unidentifiable premises or without fixed location. Accordingly, self-employed street vendors, taxi drivers, home-based workers, etc. are all considered enterprises.

6. Informal enterprise in this CPUM-2003 refers to the informal sector enterprises which were defined in Husmanns (2004) as follows:

Informal sector enterprises were defined by the 15th ICLS on the basis of the following criteria:

- They are private unincorporated enterprises (excluding quasi-corporations),¹ i.e. enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners, and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner(s). Private unincorporated enterprises include unincorporated enterprises owned and operated by individual household members or by several members of the same household, as well as unincorporated partnerships and co-operatives formed by members of different households, if they lack complete sets of accounts.

¹ In the SNA 1993, such enterprises are called ‘household unincorporated enterprises’ or ‘household enterprises’ because they form part of the SNA institutional sector ‘households’. Since readers, who are not familiar with the SNA framework, often misinterpret these terms, the term ‘private unincorporated enterprises’ is used in this paper.

- All or at least some of the goods or services produced are meant for sale or barter, with the possible inclusion in the informal sector of households which produce domestic or personal services in employing paid domestic employees.
- Their size in terms of employment is below a certain threshold to be determined according to national circumstances,² and/or they are not registered under specific forms of national legislation (such as factories' or commercial acts, tax or social security laws, professional groups' regulatory acts, or similar acts, laws or regulations established by national legislative bodies as distinct from local regulations for issuing trade licenses or business permits), and/or their employees (if any) are not registered.
- They are engaged in non-agricultural activities, including secondary non-agricultural activities of enterprises in the agricultural sector.³

7. Formal enterprise in this CPUM-2003 refers to enterprise (cf. paragraph 5) which has more than 10 formal labourers.

8. (1) Markets are defined as formal enterprise (cf. paragraph 7). Markets are common places for informal workers. Markets are privately owned by companies, and the main function is to provide a place for informal workers and consumers to congregate and trade. Markets have own officers which are responsible for administration. There are two types of markets: open market (cf. paragraph 9) and housed market (cf. paragraph 10). Markets rent counter spaces, places or seats for informal and formal workers. Rent for a place in housed market is higher than that in open market. Also rent varies depending on location of the market. Rent for housed market at the center of UB is almost 5 times higher than that in suburb.

² During its third meeting, the Delhi group recommended that for internal reporting the size criterion should be defined as less than five employees (CSO/India 1999).

³ The 15th ICLS recognized that, from a conceptual point of view, there was nothing against the inclusion, within the scope of the informal sector, of private unincorporated enterprises engaged in agricultural and related activities, if they met the criteria of the informal sector definition. The recommendation to exclude agricultural and related activities from the scope of informal sector surveys, and to measure them separately, was however made for practical data collection reasons.

9. (11) Open market refers to market (cf. paragraph 7) where the place, for informal workers and consumers to congregate and trade, is built in open space.

10. (12) Housed market refers to market (cf. paragraph 7) where the place, for informal workers and consumers to congregate and trade, is inside the building with running water and heating system.

11. (2) Small places refer to informal enterprise (cf. paragraph 6) where informal workers work. Informal workers, apart from renting work places, make a work place out of small places like kiosk (TUTS) (cf. paragraph 11), and container (train) (cf. paragraph 12). They also work in street (cf. paragraph 13) and on visiting basis (cf. paragraph 14). These are categorised under small places.

12. (21) Kiosk (TUTS) is an informal enterprise (cf. paragraph 6) where informal retailers sell food and consumer goods, like candy, shampoo, soap, soft-drinks, fruits, cigarettes, and biscuits. (TUTS – stands for ‘point of fast service’ in Mongolian language.) Before 1990, there were few formal kiosks in main streets in UB, and they were mainly ice cream shops (author’s living experience). Since transition, kiosks grew, and in 2003, kiosks exist all over the settled areas in UB. Profit from retail trade in kiosk (TUTS) varies depending on location of the kiosk (TUTS). The highest monthly income for current job in our primary survey was found for a retailer who has a kiosk (TUTS) at the center, on the opposite road of the State department store, of UB.

13. (22) Container is a train container. Container is an informal enterprise (cf. paragraph 6) where informal workers keep and sell goods. It is often used in the markets as a storage place, and informal retailers sell goods right from the storage place. However, in some cases, people work in the container. Also people change a container and make it comfortable. In our survey, there was a person who engages in individual business to repair shoes and who works in the container. He made the container to look like a small house, with a window, a door and a waiting room. Also informal workers do car service (cleaning and repair) in the container.

14. (23) Street is an informal enterprise (cf. paragraph 6) where informal workers work. In the street of UB, informal workers sell sweet, cigarette, newspaper and books; carry (table) mobile phone and clean shoes.

15. (24) Visit is regarded as an informal enterprise (cf. paragraph 6) as informal workers provide services on visiting basis to individuals, households

and organizations. In the case of visiting, customer's place becomes a work place. Also some informal workers do production part of the work at home and selling part on visiting basis.

16. (3) Household/home is an informal enterprise (cf. paragraph 6) as informal workers make work place out of household/home. Household/home is created separately from small places as it is associated mainly with agricultural activity. Also informal workers who do not need large working space work at home. In our survey, a person who sews traditional dress works at home. Also, in a ger district, people have a (small) house which is used as a work place in the gate. In our survey, one furniture maker, who works with 5 brothers, has a different house in the gate for work place. Also, in a ger district, people change some part of home as a work place, and it is common among persons who engage in retail trade. Informal workers work not only at own household/home (paragraph 16) but also at stranger's household/home (paragraph 18) and non-stranger's household/home (paragraph 17).

17. (31) Own household/home refers to household/home (cf. paragraph 15) which informal workers make work place out of own household/home. In this case, household/home is owned by informal workers who work in there.

18. (32) Non-stranger's household/home refers to household/home (cf. paragraph 15) which is not owned by the informal workers, but owned by relatives and/or friends of the informal workers.

19. (33) Stranger's household/home refers to household/home (cf. paragraph 15) which is not owned by the informal workers, but owned by persons who are not familiar with him/her before he/she started to work in that place.

20. (4) Small companies refer to informal enterprise (cf. paragraph 6) where informal workers work. Small companies in this CPUM-2003 are in operation at the time of data collection, but unlike informal enterprise (cf. paragraph 6), they are officially registered. In this CPUM-2003, small companies are chosen to be named after informal enterprise because of number of workers (5-10), type of employed persons, rules and routines, and stability of work. Workers in small companies are not always formal labourers, but tend to be informal workers. Although officially registered, rules and routines of small companies are likely to be informal. Also small companies are not always in operation. In the data collection, small companies are not easy

to define. During field work, it called us to go back and obtain additional information.

21. (41) Own small companies refer to small companies (cf. paragraph 20) which are owned by the formal or informal workers.

22. (32) Non-stranger's small companies refers to small companies (cf. paragraph 20) which are not owned by the formal or informal workers, but owned by relatives and/or friends of the formal or informal workers.

23. (33) Stranger's small companies refer to small companies (cf. paragraph 20) which are not owned by the formal or informal workers, but owned by persons who are not familiar with him/her before he/she started to work in that place.

24. (5) Large places are defined as formal enterprise (cf. paragraph 7). In the data collection, it is easy to define large places. In this CPUM-2003, (51) state organization/company, (52) private/shareholding company, (53) foreign invested company, (54) cooperatives, (55) NGO's, (56) international organization, (57) membership organization and (58) sport organization are categorized as large places.

III. Classification of persons

25. Employed persons are classified by production units according to the following rules:

(a) a person with only one classifiable job during the reference period is classified by production units of that job;

(b) a person with two or more jobs during the reference period is classified to the production unit of the main job. The main job is defined based on hours of work.

26. The CPUM-2003 is developed based on the ILO guidelines (Husmanns 2004) as well as printed responses to the questions on production units or work place of the Primary Survey "Migration and Formal and Informal Employment, 2003". The CPUM-2003 is developed based on five jobs (current job, second job, previous job, first job and the major activity accomplished in the year in terms of income), and applied to current job for the analysis.

IV. Data collection and reporting

27. For data collection, pre-coded questions on work place is used, and in addition to this, open space was given in the questionnaire for the interviewer to print in detail 'Where does respondent work?' if he/she finds difficulties to define work place. The printed answers were analysed in detail and used to develop the CPUM-2003, and in turn, CPUM-2003 was used to code the questionnaires. The CPUM-2003 gives the following opportunities:

1. to make a clear boundary between formal and informal sectors.
2. to identify production units for all jobs, and no one to be categorised under 'other' category in production unit.
3. to make a clear boundary between informal employment in the informal sector and informal employment in the formal sector
4. to make a clear boundary between formal employment in the formal sector and formal employment in the informal sector

Appendix E: Additional figures and tables for Chapter 5

Table 1. Employed persons aged 12+ in UB, by employment status and type of production units

Production units by type	Employed persons in UB - total	Jobs by status in employment												
		of which:				of which:				of which:				
		Formal labourers	Employees	Employers	Cooperative members	Informal labourers	Rotating workers	Visiting workers	Paid workers	Casual workers	Informal business workers	Individual business workers	Household business workers	Unpaid workers
Total - N	516	346	335	9	2	40	9	12	16	3	130	106	11	13
row %	100.0	67.1	64.9	1.7	0.4	7.8	1.7	2.3	3.1	0.6	25.2	20.5	2.1	2.5
column %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Markets	14.1	0.0	0.0	0.0	0.0	32.5	100.0	0.0	6.3	100.0	46.2	49.1	36.4	30.8
Open market	12.4					27.5	88.9		6.3	66.7	40.8	44.3	27.3	23.1
Housed market	1.7					5.0	11.1			33.3	5.4	4.7	9.1	7.7
Small places	6.4	0.0	0.0	0.0	0.0	25.0	0.0	75.0	6.3	0.0	17.7	17.9	18.2	15.4
Kiosk (TUTS)	1.9										7.7	7.5	9.1	7.7
Container (train)	0.2										0.8	0.9		
Street	1.2					2.5			6.3		3.8	3.8	9.1	
Visit	3.1					22.5	75.0				5.4	5.7		7.7
Household/home	8.1	0.3	0.3	0.0	0.0	22.5	0.0	16.7	43.8	0.0	24.6	24.5	27.3	23.1
Own household /home	5.4										21.5	20.8	27.3	23.1
Non-stranger's hhd /home	2.5	0.3	0.3			20.0		16.7	37.5		3.1	3.8	-	-
Stranger's hhd/home	0.2					2.5			6.3					
Small private companies	7.9	7.2	5.7	66.7	0.0	10.0	0.0	8.3	18.8	0.0	9.2	5.7	18.2	30.8
Own small private company	3.5	1.7		66.7		5.0			12.5		7.7	3.8	18.2	30.8
Non-stranger's s.p. company	4.1	4.9	5.1			5.0		8.3	6.3		1.5	1.9	-	-
Stranger's s.p. company	0.4	0.6	0.6											
Large places	63.4	92.5	94.0	33.3	100.0	10.0	0.0	0.0	25.0	0.0	2.3	2.8	0.0	0.0
State organiz-n&company	26.2	38.4	39.7			2.5			6.3		0.8	0.9		
Private/sharehold. company	22.1	32.1	32.2	33.3		5.0			12.5		0.8	0.9		
Foreign invested company	12.8	18.8	19.4								0.8	0.9		
Cooperatives	0.4	0.6		100.0										
NGOs	0.6	0.6	0.6			2.5			6.3					
Membership organisation	1.2	1.7	1.8											
Sport organisation	0.2	0.3	0.3											

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 2. Employed persons aged 12+ in AC, by employment status and type of production units

Production units by type	Employed persons in AC - total	Jobs by status in employment											
		of which:				of which:				of which:			
		Formal labourers	Employees	Employers	Cooperative members	Informal labourers	Rotating workers	Visiting workers	Paid workers	Informal business workers	Individual business workers	Household business workers	Unpaid workers
Total - N	269	154	151	2	1	25	9	8	8	90	73	10	7
row %	100.0	57.2	56.1	0.7	0.4	9.3	3.3	3.0	3.0	33.5	27.1	3.7	2.6
column %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Markets	21.9	1.3	1.3	0.0	0.0	24.0	44.4	0.0	25.0	56.7	64.4	20.0	28.6
Open market	20.1	0.6	0.7			24.0	44.4		25.0	52.2	61.6	10.0	14.3
Housed market	1.9	0.6	0.7							4.4	2.7	10.0	14.3
Small places	6.3	0.0	0.0	0.0	0.0	36.0	33.3	75.0	0.0	8.9	8.2	10.0	14.3
Kiosk (TUTS)	1.5									4.4	5.5		
Container (train)	0.7									2.2		10.0	14.3
Visit	4.1					36.0	33.3	75.0		2.2	2.7		
Household/home	11.9	0.6	0.7	0.0	0.0	40.0	22.2	25.0	75.0	23.3	21.9	40.0	14.3
Own household /home	8.2					8.0	12.5	12.5	22.2	20.5	40.0	14.3	
Non-stranger's hhd /home	3.7	0.6	0.7			32.0	22.2	12.5	62.5	1.1	1.4		
Small private companies	7.1	7.1	6.6	50.0	0.0	0.0	0.0	0.0	0.0	8.9	2.7	30.0	42.9
Own small private company	3.0	0.6		50.0						7.8	1.4	30.0	42.9
Non-stranger's s.p.company	3.7	5.8	6.0							1.1	1.4		
Stranger's s.p. company	0.4	0.6	0.7										
Large places	52.8	90.9	91.4	50.0	100.0	0.0	0.0	0.0	0.0	2.2	2.7	0.0	0.0
State organiz-n&company	40.9	70.1	71.5							2.2	2.7		
Private/sharehold. company	8.2	14.3	13.9	50.0									
Foreign invested company	0.7	1.3	1.3										
Cooperatives	0.4	0.6		100.0									
NGOs	1.1	1.9	2.0										
International organisation	0.4	0.6	0.7										
Membership organisation	1.1	1.9	2.0										

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 3. Employed persons aged 12+ in SC, by employment status and type of production units

Production units by type	Employed persons in SC - total	Jobs by status in employment									
		Formal labourers	of which:		Informal labourers	of which:		Informal business workers	of which:		Unpaid workers
			Employees	Cooperative members		Visiting workers	Paid workers		Individual business workers	Household business workers	
Total - N	129	95	93	2	4	1	3	30	19	5	6
row %	100.0	73.6	72.1	1.6	3.1	0.8	2.3	23.3	14.7	3.9	4.7
column %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Open market	0.8							3.3	5.3		
Small places	6.2	0.0	0.0	0.0	25.0	100.0	0.0	23.3	15.8	40.0	33.3
Kiosk (TUTS)	3.9							16.7	5.3	40.0	33.3
Visit	2.3				25.0	100.0		6.7	10.5		
Household/home	20.2	0.0	0.0	0.0	75.0	0.0	100.0	73.3	78.9	60.0	66.7
Own household /home	17.1							73.3	78.9	60.0	66.7
Non-stranger's hhd /home	3.1				75.0	100.0					
Small private company (non-stranger's)	8.5	12.7	12.9		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Large places	64.3	87.4	87.1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State organiz-n&company	60.5	82.1	83.9								
Private/sharehold. company	2.3	3.2	3.2								
Cooperatives	1.6	2.1	-	100.0							

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 4. Labour type structure by location, and age group and sex

	UB			AC			SC		
	FLs	ILs	Inf.BWs	FLs	ILs	Inf.BWs	FLs	ILs	Inf.BWs
Total	67.1	7.7	25.2	57.2	9.3	33.5	73.6	3.1	23.3
Male	66.0	11.1	22.9	52.6	13.1	34.3	63.6	1.8	34.5
12-29	68.0	15.0	17.0	39.3	28.6	32.1	28.6	-	71.4
30-49	62.3	9.8	27.9	51.6	9.9	38.5	65.1	2.3	32.6
50+	72.5	5.0	22.5	77.8	5.6	16.7	100.0	-	-
Female	68.1	4.3	27.6	62.1	5.3	32.6	81.1	4.1	14.9
12-29	68.4	6.3	25.3	65.5	-	34.5	73.9	8.7	17.4
30-49	69.4	3.2	27.4	62.4	6.5	31.2	83.7	2.0	14.3
50+	55.6	5.6	38.9	50.0	10.0	40.0	100.0	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 5. Labour type structure by location and education

	UB			AC			SC		
	FLs	ILs	Inf.BWs	FLs	ILs	Inf.BWs	FLs	ILs	Inf.BWs
Total	67.1	7.7	25.2	57.2	9.3	33.5	73.6	3.1	23.3
Male	66.0	11.1	22.9	52.6	13.1	34.3	63.6	1.8	34.5
Non-educated	-	100.0	-	-	-	-	-	-	-
Primary	-	50.0	50.0	11.1	33.3	55.6	100.0	-	-
Grades 4-10	58.7	17.4	24.0	37.2	18.6	44.2	54.2	-	45.8
T & S Voc.	62.1	8.6	29.3	47.7	15.9	36.4	60.9	4.3	34.8
High & above	84.6	-	15.4	82.9	-	17.1	100.0	-	-
Female	68.1	4.3	27.6	62.1	5.3	32.6	81.1	4.1	14.9
Non-educated	-	-	-	-	-	100.0	-	-	-
Primary	-	-	100.0	-	50.0	50.0	-	-	-
Grades 4-10	64.1	3.9	32.0	40.0	8.9	51.1	59.1	13.6	27.3
T & S Voc.	69.2	3.8	26.9	56.3	6.3	37.5	84.4	-	15.6
High & above	73.6	5.6	20.8	88.5	-	11.5	100.0	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 6. Informal labourers by industry and location

	Rotating	Visiting	Paid	Casual
UB - N	9	12	16	3
%	100.0	100.0	100.0	100.0
Manufacturing	-	-	12.5	66.7
Clothing & housing material	-	-	-	66.7
Processing industry	-	-	6.3	-
Food and beverages	-	-	6.3	-
Construction	-	100.0	-	-
Recycling industry	-	-	6.3	-
Wholesale trade	66.7	-	-	-
Retail trade	22.2	-	31.3	-
Hotels and restaurants	-	-	18.8	-
Transport	11.1	-	25.0	-
Membership, recreational, cultural & sport activities	-	-	-	33.3
Household & personal services	-	-	6.3	-
AC - N	9	8	8	-
%	100.0	100.0	100.0	-
Agriculture	-	-	12.5	-
Construction	33.3	75.0	-	-
Wholesale trade	22.2	-	-	-
Retail trade	22.2	-	75.0	-
Hotels and restaurants	-	-	12.5	-
Transport	22.2	-	-	-
Household & personal services	-	25.0	-	-
SC - N	-	1	3	-
%	-	100.0	100.0	-
Construction	-	100.0	-	-
Retail trade	-	-	100.0	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 7. Individual business workers by industry and location

	UB	AC	SC
Total - N	106	73	19
%	100.0	100.0	100.0
Agriculture	3.8	-	5.3
Mining and quarrying	-	2.7	5.3
Manufacturing	14.2	5.5	26.3
Clothing & housing material	13.2	5.5	21.1
Processing industry	0.9	-	-
Food and beverages	-	-	5.3
Recycling industry	0.9	-	-
Wholesale trade	6.6	4.1	-
Retail trade	49.1	64.4	21.1
Hotels and restaurants	7.5	5.5	-
Transport	7.5	13.7	42.1
Post and telecommunications	0.9	-	-
Financial intermediation	0.9	-	-
Computer and related activities	-	1.4	-
Research and development	-	-	-
Public administration	0.9	-	-
Health and social work	-	1.4	-
Sewage, disposal, sanitation and collection activities	3.8	-	-
Membership, recreational, cultural and sport activities	0.9	1.4	-
Household and personal services	2.8	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 8. HBWs and UWs by industry and location

	HBWs			UWs		
	UB	AC	SC	UB	AC	SC
Total - N	11	10	5	13	7	6
%	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	-	30.0	20.0	-	14.3	33.3
Manufacturing (food & beverages)	9.1	-	-	-	-	-
Wholesale trade	18.2	10.0	-	15.4	14.3	-
Retail trade	63.6	60.0	80.0	61.5	71.4	66.7
Transport	9.1	-	-	7.7	-	-
Research and development	-	-	-	7.7	-	-
Sewage, disposal, sanitation and collection activities	-	-	-	7.7	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 9. Informal labourers by occupation and location

	Rotating	Visiting	Paid	Casual
UB - N	9	12	16	3
%	100.0	100.0	100.0	100.0
Directors, managers and governors	-	-	6.3	-
Technicians & mechanics	-	-	6.3	-
Associate professionals	-	-	6.3	-
Clerks	-	-	6.3	-
Service workers	-	-	43.8	-
Industrial workers	-	-	6.3	66.7
Construction workers	-	100.0	-	-
Sales workers	-	-	6.3	33.3
Elementary professions	100.0	-	12.5	-
Retailers and traders	-	-	6.3	-
AC - N	9	8	8	-
%	100.0	100.0	100.0	-
Service workers	11.1	-	-	-
Skilled agricultural workers	-	-	12.5	-
Industrial workers	-	-	12.5	-
Construction workers	33.3	75.0	-	-
Drivers	11.1	-	-	-
Elementary professions	44.4	25.0	12.5	-
Retailers and traders	-	-	62.5	-
SC - N	-	1	3	-
%	-	100.0	100.0	-
Construction workers	-	100.0	-	-
Sales workers	-	-	66.7	-
Elementary professions	-	-	33.3	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 10. Individual business workers by occupation and location

	UB	AC	SC
Total - N	106	73	19
%	100.0	100.0	100.0
Directors, managers and governors	-	-	-
Professionals	0.9	1.4	-
Engineers	0.9	-	-
Economists, accountants & bankers	0.9	-	-
Medical doctors	-	1.4	-
Technicians and mechanics	2.8	-	-
Clerks	0.9	-	-
Service workers	8.5	6.8	-
Skilled agricultural workers	0.9	-	5.3
Industrial workers	14.2	8.2	31.6
Sales workers	-	-	5.3
Drivers	8.5	13.7	42.1
Operators	0.9	-	-
Elementary professions	-	-	-
Collectors	6.6	-	-
Retailers and traders	53.8	68.5	15.8

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 11. Household business and unpaid workers by occupation and location

	HBWs			UWs		
	UB	AC	SC	UB	AC	SC
Total - N	11	10	5	13	7	6
%	100.0	100.0	100.0	100.0	100.0	100.0
Directors, managers and governors	9.1	-	-	7.7	-	-
Professionals	-	-	-	7.7	-	-
Technicians and mechanics	-	-	-	7.7	-	-
Skilled agricultural workers	-	30.0	20.0	-	14.3	33.3
Industrial workers	9.1	-	-	-	-	-
Sales workers	18.2	10.0	20.0	15.4	14.3	16.7
Drivers	9.1	-	-	7.7	-	-
Elementary professions	-	-	-	7.7	-	-
Retailers and traders	54.5	60.0	60.0	46.2	71.4	50.0

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 12. Major industries and major type of manufacturing, by location

UB	AC	SC
Major industries		
Manufacturing (21.3%)	Retail trade (27.5%)	Education (26.4%)
Retail trade (17.8%)	Public administration (16.4%)	Retail trade (17.1%)
Transport (8.7%)	Education (9.7%)	Public administration (12.4%)
Education (8.1%)	Health (9.7%)	Health (10.9%)
Construction (7.2%)	Construction (5.2%)	Transport (6.2%)
Public administration (7.0%)	Transport (4.8%)	Manufacturing (6.2%)
Wholesale trade (5.8%)	Manufacturing (4.5%)	Electricity, heating & water supply (5.4%)
Health (3.3%)	Wholesale trade (4.1%)	Financial intermediation (3.9%)
Major type of manufacturing		
Sewing (12.2%)	Food & beverages (2.2%)	Indigenous (4.7%)

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

Table 13 Employed persons in retail trade by location, occupation and qualifications

	N	%	Directors, managers and governors	Professionals	Engineers	Technologists	Economists, accountants & bankers	Medical doctors	Teaching professionals	Translators	Technicians and mechanics	Associate professionals	Clerks	Service workers	Industrial workers	Construction workers	Sales workers	Drivers	No profession	
UB	92	100.0	1.1	7.6	3.3	5.4	6.5	3.3	2.2	2.2	4.3	4.3	0.0	5.4	4.3	6.5	2.2	8.7	32.6	
Directors, managers and governors	5	100.0	-	20.0	-	40.0	20.0	-	-	20.0	-	-	-	-	-	-	-	-	-	-
Professionals	2	100.0	-	-	-	-	50.0	-	-	-	-	-	-	-	-	-	-	50.0	-	-
Technicians and mechanics	7	100.0	-	-	-	14.3	-	-	-	-	28.6	14.3	-	-	-	-	-	-	-	42.9
Sales workers	13	100.0	7.7	7.7	-	7.7	7.7	7.7	7.7	7.7	-	-	-	7.7	0.0	7.7	15.4	7.7	7.7	7.7
Drivers	1	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-
Elementary professions	5	100.0	-	-	-	-	-	-	-	-	20.0	-	-	-	-	-	-	-	-	80.0
Retailers and traders	59	100.0	-	8.5	5.1	1.7	6.8	1.7	1.7	-	1.7	5.1	-	6.8	6.8	8.5	-	8.5	37.3	-
Retailers of mixed food and goods	13	100.0	-	15.4	-	-	-	-	7.7	-	-	15.4	-	7.7	7.7	-	-	7.7	-	38.5
Retailers of food	8	100.0	-	-	-	-	12.5	-	-	-	-	-	-	-	12.5	37.5	-	-	-	37.5
Retailers of consumer goods	18	100.0	-	-	11.1	-	16.7	-	-	-	5.6	-	-	5.6	11.1	-	-	11.1	-	38.9
Retailers of construction material	3	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.0
Retailers of moto vehicles, machinery & supplies	12	100.0	-	8.3	8.3	8.3	8.3	-	-	-	-	-	-	16.7	-	-	-	16.7	-	33.3
Traders of agricultural raw material	5	100.0	-	40.0	-	-	-	-	-	-	-	20.0	-	-	-	40.0	-	-	-	-

(Table 13 continued)

AC	74	100.0	1.4	6.8	2.7	1.4	4.1	0.0	1.4	2.7	9.5	1.4	1.4	0.0	6.8	9.5	-	10.8	40.5
Directors, managers and governors	1	100.0	-	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales workers	5	100.0	-	20.0	-	-	-	-	-	-	-	-	-	-	-	-	-	20.0	60.0
Drivers	1	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.0	-
Elementary professions	6	100.0	-	-	-	-	-	-	-	16.7	-	-	-	-	-	-	-	-	83.3
Retailers and traders	61	100.0	1.6	4.9	3.3	1.6	4.9	1.6	1.6	3.3	9.8	1.6	1.6	8.2	11.5	9.8	36.1	9.8	36.1
Retailers of mixed food and goods	7	100.0	-	42.9	-	14.3	-	-	-	-	-	-	-	-	14.3	-	-	-	28.6
Retailers of food	9	100.0	-	-	22.2	-	-	11.1	-	-	-	-	-	-	22.2	11.1	-	-	33.3
Retailers of consumer goods	11	100.0	9.1	-	-	-	-	-	-	9.1	-	-	-	-	18.2	9.1	-	9.1	45.5
Retailers of moto vehicles, machinery & supplies	2	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.0
Retailers from abroad	4	100.0	-	-	-	-	-	-	50.0	25.0	-	-	-	-	-	-	-	-	25.0
Traders of agricultural raw material	23	100.0	-	-	-	4.3	4.3	-	-	17.4	4.3	-	-	-	4.3	17.4	-	13.0	34.8
Traders between urban and rural	5	100.0	-	-	-	-	20.0	-	-	-	-	-	20.0	-	-	-	-	40.0	20.0
SC	22	100.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	31.8	9.1	45.5	9.1	45.5
Directors, managers and governors	1	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.0	-
Sales workers	8	100.0	-	12.5	-	-	-	-	-	-	-	-	-	-	-	-	-	50.0	37.5
Drivers	1	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.0
Elementary professions	3	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.0
Retailers of mixed food & goods	9	100.0	-	-	-	-	-	-	-	-	-	11.1	-	-	11.1	22.2	11.1	22.2	44.4

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

Table 14. Employed persons in retail trade by location, occupation and work place

	N	%	Open market	Housed market	Kiosk (TUTS)	Container (train)	Street	Visit	Household /home	Small companies	Large places
UB	92	100.0	47.8	3.3	9.8	-	1.1	-	12.0	10.9	15.2
Directors, managers and governors	5	100.0	-	-	-	-	-	-	-	80.0	20.0
Professionals	2	100.0	-	-	-	-	-	-	-	100.0	-
Technicians and mechanics	7	100.0	14.3	-	-	-	-	-	28.6	-	57.2
Sales workers	13	100.0	-	-	-	-	-	-	38.5	7.7	53.8
Drivers	1	100.0	-	-	-	-	-	-	-	-	100.0
Elementary professions	5	100.0	40.0	-	-	-	-	-	40.0	-	20.0
Retailers and traders	59	100.0	69.5	5.1	15.3	-	1.7	-	3.4	5.1	-
Retailers of mixed food and goods	13	100.0	23.1	-	69.2	-	7.7	-	-	-	-
Retailers of food	8	100.0	87.5	12.5	-	-	-	-	-	-	-
Retailers of consumer goods	18	100.0	83.3	5.6	-	-	-	-	5.6	5.6	-
Retailers of construction material	3	100.0	100.0	-	-	-	-	-	-	-	-
Retailers of moto vehicles, machinery & supplies	12	100.0	75.0	8.3	-	-	-	-	-	16.7	-
Traders of agricultural raw material	5	100.0	80.0	-	-	-	-	-	20.0	-	-
AC	74	100.0	58.1	6.8	5.4	2.7	-	-	12.2	10.8	4.1
Directors, managers and governors	1	100.0	-	-	-	-	-	-	-	-	100.0
Sales workers	5	100.0	-	-	-	-	-	-	-	80.0	20.0
Drivers	1	100.0	-	-	-	-	-	-	-	-	100.0
Elementary professions	6	100.0	50.0	16.7	-	-	-	-	16.7	16.7	-
Retailers and traders	61	100.0	65.6	6.6	6.6	3.3	-	-	13.1	4.9	-
Retailers of mixed food and goods	7	100.0	14.3	-	57.1	28.6	-	-	-	-	-
Retailers of food	9	100.0	55.6	22.2	-	-	-	-	22.2	-	-
Retailers of consumer goods	11	100.0	90.9	-	-	-	-	-	-	9.1	-
Retailers of moto vehicles, machinery & supplies	2	100.0	-	-	-	-	-	-	-	100.0	-
Retailers from abroad	4	100.0	100.0	-	-	-	-	-	-	-	-
Traders of agricultural raw material	23	100.0	78.3	-	-	-	-	-	21.7	-	-
Traders between urban and rural	5	100.0	40.0	40.0	-	-	-	-	20.0	-	-
SC	22	100.0	4.5	-	22.7	-	-	4.5	40.9	27.3	-
Directors, managers and governors	1	100.0	-	-	-	-	-	-	-	100.0	-
Sales workers	8	100.0	-	-	-	-	-	-	75.0	25.0	-
Drivers	1	100.0	-	-	-	-	-	-	-	100.0	-
Elementary professions	3	100.0	-	-	-	-	-	-	33.3	66.7	-
Retailers of mixed food and goods	9	100.0	11.1	-	55.6	-	-	11.1	22.2	-	-

Source: PS "Migration & F.Inf.Employment", 2003, Mongolia

Table 15. Reward frequency by labour type, employment status and location

	FLs				ILs				Inf.BWs			
	Total	UB	AC	SC	Total	UB	AC	SC	Total	UB	AC	SC
Total - N	595	346	154	95	69	40	25	4	250	130	90	30
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Daily	1.3	2.0	-	1.1	42.0	55.0	28.0	-	56.0	69.2	42.2	40.0
Weekly	0.5	0.9	-	-	13.0	5.0	28.0	-	13.6	3.1	27.8	16.7
Monthly	95.3	93.6	96.8	98.9	29.0	27.5	24.0	75.0	19.6	23.1	16.7	13.3
Flexible	2.9	3.5	3.2	-	15.9	12.5	20.0	25.0	10.8	4.6	13.3	30.0
	Employees				Rotating workers				Ind.BWs			
Total - N	579	335	151	93	18	9	9	-	198	106	73	19
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-	100.0	100.0	100.0	100.0
Daily	1.4	2.1	-	1.1	77.8	100.0	55.6	-	57.6	69.8	43.8	42.1
Weekly	0.5	0.9	-	-	5.6	-	11.1	-	14.1	1.9	28.8	26.3
Monthly	95.7	93.7	98.0	98.9	5.6	-	11.1	-	20.2	22.6	19.2	10.5
Flexible	2.4	3.3	2.0	-	11.1	-	22.2	-	8.1	5.7	8.2	21.1
	Employers				Visiting workers				HBWs			
Total - N	11	9	2	-	21	12	8	1	26	11	10	5
%	100.0	100.0	100.0	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Daily	-	-	-	-	9.5	16.7	-	-	50.0	72.7	30.0	40.0
Weekly	-	-	-	-	23.8	16.7	37.5	-	11.5	9.1	20.0	-
Monthly	72.7	88.9	-	-	33.3	33.3	37.5	-	15.4	18.2	10.0	20.0
Flexible	27.3	11.1	100.0	-	33.3	33.3	25.0	100.0	23.1	-	40.0	40.0
	Cooperative members				Paid workers				Unpaid workers			
Total - N	5	2	1	2	27	16	8	3	26	13	7	6
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Daily	-	-	-	-	44.4	62.5	25.0	-	50.0	61.5	42.9	33.3
Weekly	-	-	-	-	11.1	-	37.5	-	11.5	7.7	28.6	-
Monthly	100.0	100.0	100.0	100.0	37.0	31.3	25.0	100.0	19.2	30.8	-	16.7
Flexible	-	-	-	-	7.4	6.3	12.5	-	19.2	-	28.6	50.0

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 16. Median monthly income of current job, by age group and sex, and location (thousand tugrics)

	Total			UB			AC			SC		
	T	M	F	T	M	F	T	M	F	T	M	F
Total												
Min	0	0	0	0	0	0	0	0	0	0	0	0
Median	60	60	60	70	77.5	62.5	60	60	60	43	37	45
Max	2100	1100	2100	2100	600	2100	1100	1100	500	300	300	139
12-29												
Min	0	0	0	0	0	0	0	0	0	0	0	0
Median	55	60	54	60	61.5	60	52	51	52	41.5	32	44
Max	500	500	400	500	500	400	400	400	200	60	50	60
30-49												
Min	0	0	0	0	0	0	0	0	0	0	0	0
Median	60	65	60	70	80	69	61.5	68	60	43.5	38	46
Max	1450	1100	1450	1450	600	1450	1100	1100	500	300	300	139
50+												
Min	0	0	0	0	18	0	0	0	0	0	0	61
Median	65	70	61.5	70	80	68.5	51.5	65	37.5	61	35	61.5
Max	2100	450	2100	2100	450	2100	120	90	120	70	70	62

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 17. Median income of current job by industry, labour type and location (thousand tugrics)

	Formal labourers			Informal labourers			Inf.BWs		
	UB	AC	SC	UB	AC	SC	UB	AC	SC
Total	69.0	60.0	45.0	50.0	30.0	30.0	80.0	77.5	22.5
Agriculture	70.0	-	-	-	20.0	-	35.0	10.0	0.0
Mining and quarrying	120.0	-	-	-	-	-	-	40.0	0.0
Clothing & housing material	63.0	-	12.5	50.0	-	-	65.0	87.5	40.0
Processing industry	68.5	-	-	70.0	-	-	100.0	-	-
Food and beverages	70.0	52.5	27.0	30.0	-	-	20.0	-	60.0
Other manufacturing	75.0	45.0	-	-	-	-	-	-	-
Electricity, heating & water supply	70.0	80.0	42.0	-	-	-	70.0	-	-
Construction	80.0	50.0	-	90.0	30.0	0.0	80.0	-	-
Recycling industry	80.0	32.0	30.0	90.0	-	-	80.0	-	-
Wholesale trade	90.0	95.5	-	40.0	37.5	-	90.0	80.0	-
Retail trade	100.0	41.0	35.0	60.0	38.0	30.0	100.0	82.5	38.0
Hotels and restaurants	60.0	33.5	-	30.0	60.0	-	60.0	52.0	-
Transport	81.0	-	-	50.0	100.0	-	81.0	80.0	19.0
Post and telecommunications	120.0	95.0	42.5	-	-	-	120.0	-	-
Financial intermediation	67.5	110.0	50.0	-	-	-	67.5	-	-
Computer and related activities	-	-	-	-	-	-	-	20.0	-
Research and development	70.0	40.0	-	-	-	-	70.0	-	-
Business activities and services for organisations	70.0	-	-	-	-	-	70.0	-	-
Public administration	60.0	60.5	47.5	-	-	-	60.0	-	-
Education	61.0	65.0	48.5	-	-	-	61.0	-	-
Health and social work	52.0	60.0	43.5	-	-	-	52.0	120.0	-
Sewage, disposal, sanitation and collection activities	50.0	44.0	-	-	-	-	50.0	-	-
Membership, recreational, cultural and sport activities	54.0	46.0	44.0	50.0	-	-	54.0	20.0	-
Household and personal services	62.5	25.0	65.0	20.0	22.0	-	62.5	-	-
International organisations	-	160.0	-	-	-	-	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 18. Median income of current job by occupation, labour type and location (thousand tugrics)

	Formal labourers			Informal labourers			Inf.BWs		
	UB	AC	SC	UB	AC	SC	UB	AC	SC
Total	69.0	60.0	45.0	50.0	30.0	30.0	80.0	77.5	22.5
Directors, managers & governors	97.5	76.5	53.5	200.0	-	-	100.0	-	-
Professionals	75.0	75.0	52.5	-	-	-	10.0	20.0	-
Engineers	150.0	-	-	-	-	-	300.0	-	-
Technologists	175.0	-	-	-	-	-	-	-	-
Economists, accountants & bankers	120.0	99.0	-	-	-	-	1450.0	-	-
Medical doctors	48.0	70.0	68.5	-	-	-	-	120.0	-
Teaching professionals	63.0	65.0	49.0	-	-	-	-	-	-
Translators	200.0	-	-	-	-	-	-	-	-
Technicians and mechanics	80.0	60.0	50.0	20.0	-	-	95.0	-	-
Associate professionals	55.5	55.0	45.0	70.0	-	-	-	-	-
Clerks	70.0	57.5	41.0	90.0	-	-	50.0	-	-
Service workers	60.0	30.0	35.0	40.0	200.0	-	140.0	24.0	-
Skilled agricultural workers	80.0	-	-	-	20.0	-	60.0	10.0	0.0
Industrial workers	60.0	49.0	12.5	50.0	60.0	-	65.0	57.5	40.0
Construction workers	80.0	65.0	28.0	90.0	30.0	0.0	-	-	-
Telecommunication workers	78.0	-	-	-	-	-	-	-	-
Sales workers	70.0	36.0	32.5	55.0	-	35.0	300.0	50.0	25.0
Drivers	80.0	44.0	40.0	-	0.0	-	110.0	80.0	19.0
Operators	102.5	-	33.0	-	-	-	60.0	-	-
Elementary professions	55.0	32.5	31.0	40.0	25.0	30.0	30.0	-	-
Collectors	-	-	-	-	-	-	30.0	-	-
Retailers of mixed food & goods	-	-	-	-	-	-	130.0	35.0	40.0
Retailers of food	-	-	-	-	18.0	-	50.0	40.0	-
Retailers of consumer goods	-	-	-	80.0	45.0	-	60.0	90.0	-
Retailers of construction material	90.0	-	-	-	-	-	120.0	-	-
Retailers of moto vehicles, machinery & supplies	-	-	-	-	-	-	100.0	200.0	-
Retailers from abroad	-	-	-	-	-	-	350.0	100.0	-
	-	-	-	-	42.0	-	200.0	100.0	-
Traders of agricultural raw material	-	-	-	-	-	-	-	90.0	-
Traders between urban and rural	-	-	-	-	-	-	-	-	-
Wholesalers	-	-	-	-	-	-	200.0	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 19. EMI by industry of two types of labour, and location

	SC		AC		UB	
	FLs	Inf.BWs	FLs	Inf.BWs	FLs	Inf.BWs
FLs & Inf.BWs						
Agriculture	0.0	0.0			2.3	1.2
Mining and quarrying	0.0	0.0				
Manufacturing of food & beverages	0.9	2.0				
Manufacturing of clothing & housing material	0.4	1.3				
Health and social work			2.0	4.0	1.7	1.7
Membership, recreational, cultural & sport activities			1.5	0.7		
Electricity, heating & water supply					2.3	2.3
Post and telecommunications					4.0	4.0
Financial intermediation					2.3	2.3
Computer and related activities						
Research & development					2.3	2.3
Business activities and services for organisations					2.3	2.3
Public administration					2.0	2.0
Education					2.0	2.0
Sewage, disposal, sanitation & collection activities					1.7	1.7
ILs & Inf.BWs			ILs	Inf.BWs		
Agriculture			0.7	0.3		
Transport			3.3	2.7		
ILs & FLs			ILs	FLs		
Construction			1.0	1.7		

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 20. EMI by industry of one type of labour, and location

	ILs	FLs			Inf.BWs	
	SC	SC	AC	UB	SC	AC
Construction	0.0					
Wholesale trade		0.0				
Health and social work		1.5				
Membership, recreational, cultural & sport activities		1.5				
Household and personal services		2.2				
Electricity, heating & water supply		1.4	2.7			
Recycling industry		1.0	1.1			
Post and telecommunications		1.4	3.2			
Financial intermediation		1.7	3.7			
Public administration		1.6	2.0			
Education		1.6	2.2			
Manufacturing of food & beverages			1.8			
Research & development			1.3			
Sewage, disposal, sanitation and collection activities			1.5			
International organisation			5.3			
Other manufacturing			1.5	2.5		
Mining and quarrying				4.0		1.3
Transport					0.6	
Manufacturing of clothing & housing material						2.9
Computer and related activities						0.7

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Appendix F: Additional figures and tables for Chapter 6

Table 1. Persons aged 12+ by workers status, location, migration status, form of migration and place of origin or destination

	Total	Migrants		In-migrants						Return migrants			Circular migrants			Potential migrants					
		Non-migrants	Total	from UB	from ACs	from SCS	from rural areas	from abroad	Total	from UB	from ACs, SCS and Ras	from abroad	Total	to UB	to ACs, SCS and Ras	abroad	Total	to UB	to ACs, SCS and Ras	abroad	
Total*	2 086	1 605	481	260	3	99	83	73	2	21	4	15	2	35	10	23	2	165	74	17	74
Employed	914	708	206	106	-	43	34	28	1	12	4	8	-	21	5	14	2	67	24	10	33
Unemployed	148	103	45	27	1	9	10	7	-	1	-	1	-	2	-	2	-	15	6	2	7
Potential workers	143	97	46	23	1	9	4	8	1	1	-	1	-	4	2	2	-	18	9	2	7
Non-workers	881	697	184	104	1	38	35	30	-	7	-	5	2	8	3	5	-	65	35	3	27
UB	1 203	836	367	241	3	97	79	60	2	11	-	9	2	25	5	18	2	90	10	6	74
Employed	516	355	161	101	-	41	33	26	1	5	-	5	-	16	4	10	2	39	2	4	33
Unemployed	105	64	41	27	1	9	10	7	-	-	-	-	-	2	-	2	-	12	4	1	7
Potential workers	65	37	28	18	1	9	4	3	1	1	-	1	-	2	-	2	-	7	-	-	7
Non-workers	517	380	137	95	1	38	32	24	-	5	-	3	2	5	1	4	-	32	4	1	27
AC	597	518	79	17	-	-	4	13	-	4	1	3	-	9	4	5	-	49	44	5	-
Employed	269	236	33	3	-	-	1	2	-	3	1	2	-	4	-	4	-	23	19	4	-
Unemployed	24	22	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	-	-
Potential workers	58	42	16	5	-	-	-	5	-	-	-	-	-	2	2	-	-	9	8	1	-
Non-workers	246	218	28	9	-	-	3	6	-	1	-	1	-	3	2	1	-	15	15	-	-
SC	286	251	35	2	-	2	-	-	-	6	3	3	-	1	1	-	-	26	20	6	-
Employed	129	117	12	2	-	2	-	-	-	4	3	1	-	1	1	-	-	5	3	2	-
Unemployed	19	17	2	-	-	-	-	-	-	1	-	1	-	-	-	-	-	1	1	-	-
Potential workers	20	18	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1	1	-
Non-workers	118	99	19	-	-	-	-	-	-	1	-	1	-	-	-	-	-	18	16	2	-

*7 excludes out-migrants (59 persons)

Source: PS "Migration & F-Inf. Employment", 2003, Mongolia

Table 2 Migration rates of persons aged 12+, by forms of migration, place of origin or destination, location and age group

	UB			AC			SC		
	12-29	30-49	50+	12-29	30-49	50+	12-29	30-49	50+
Total - N	604	399	227	283	239	87	156	122	28
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-migrant	62.6	69.2	80.2	82.3	88.7	83.9	69.9	93.4	100.0
Migrant	37.4	30.8	19.8	17.7	11.3	16.1	30.1	6.6	-
In-	21.7	19.5	14.1	3.5	1.7	3.4	-	1.6	-
from ACs	9.6	8.3	3.9	-	-	-	-	1.6	-
from SCs	7.0	6.3	5.3	1.4	-	-	-	-	-
from RAs	5.0	4.8	4.8	2.1	1.7	3.4	-	-	-
from abroad	0.2	0.3	-	-	-	-	-	-	-
Potential	10.6	5.5	1.8	8.5	7.9	6.9	14.1	3.3	-
to UB	1.0	0.3	-	7.4	6.7	6.9	12.2	0.8	-
to ACs, SCs and RAs	0.7	1.0	0.9	1.1	1.3	-	1.9	2.5	-
Abroad	9.0	4.3	0.9	-	-	-	-	-	-
Out-	3.0	2.3	-	3.9	0.4	-	12.8	-	-
to UB	-	-	-	2.8	0.4	-	10.3	-	-
to ACs, SCs and RAs	0.8	0.8	-	1.1	-	-	1.3	-	-
Abroad	2.2	1.5	-	-	-	-	1.3	-	-
Return	0.5	1.5	0.9	0.4	-	3.4	3.2	0.8	-
Circular	1.7	2.0	3.1	1.4	1.3	2.3	-	0.8	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 3 Sex ratio of persons aged 12+, by forms of migration, place of origin or destination, location and age group

	UB			AC			SC		
	12-29	30-49	50+	12-29	30-49	50+	12-29	30-49	50+
Non-migrant	88	70	94	79	88	97	95	111	56
Migrant	88	89	73	72	145	100	52	33	-
In-	82	90	60	25	100	200	-	100	-
from ACs	87	72	60	-	-	-	-	100	-
from SCs	83	108	100	0	-	-	-	-	-
from RAs	76	138	38	50	100	200	-	-	-
from abroad	0	0	-	-	-	-	-	-	-
Potential	88	120	100	60	138	100	83	0	-
to UB	20	0	-	50	129	100	90	0	-
to ACs, SCs and RAs	33	300	100	200	200	-	50	0	-
abroad	108	113	100	-	-	-	-	-	-
Out-	80	50	-	267	-	-	25	-	-
to UB	-	-	-	167	-	-	23	-	-
to ACs, SCs and RAs	150	200	-	-	-	-	0	-	-
abroad	63	20	-	-	-	-	100	-	-
Return	200	20	100	0	-	50	67	0	-
Circular	233	167	133	100	200	100	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 4 Migration rates of persons aged 12+, by forms of migration, place of origin or destination, place of origin or destination, location and education

	Total - N	%	Non-migrant	Migrant	In-				Potential				Out-				Circular		
					Total	from ACs	from SCs	from RAs	from abroad	Total	to UB	to ACs, SCs and RAs	abroad	Total	to UB	to ACs, SCs and RAs		abroad	Return
UB	1 230	100.0	68.0	32.0	19.6	8.1	6.4	4.9	0.2	7.3	0.8	0.5	6.0	2.2	-	0.7	1.5	0.9	2.0
Non-	14	100.0	50.0	50.0	7.1	21.4	14.3	-	-	-	-	-	-	-	-	-	-	7.1	-
Grades 1-3	45	100.0	62.2	37.8	33.3	8.9	6.7	17.8	-	-	-	-	-	-	-	-	-	4.4	-
Grades 4-8	312	100.0	64.7	35.3	28.5	9.6	9.3	9.6	-	3.2	1.9	0.3	1.0	0.3	-	0.3	-	0.6	2.6
Grades 9-10	385	100.0	67.0	33.0	18.7	10.6	4.9	3.1	-	10.6	0.5	0.5	9.6	1.6	-	0.5	1.0	0.5	1.6
Tech. Voc.	57	100.0	71.9	28.1	17.5	10.5	7.0	-	-	5.3	-	-	5.3	1.8	-	1.8	-	1.8	1.8
Spec. Voc.	154	100.0	72.7	27.3	14.9	3.9	7.8	3.2	-	7.1	1.3	-	5.8	2.6	-	1.3	1.3	-	2.6
High & above	263	100.0	71.5	28.5	9.9	4.6	3.4	1.1	0.8	9.5	-	1.1	8.4	5.7	-	0.8	4.9	1.1	2.3
AC	609	100.0	85.1	14.9	2.8	-	0.7	2.1	-	8.0	7.2	0.8	-	2.0	1.5	0.5	-	0.7	1.5
Non-	11	100.0	90.9	9.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.1
Grades 1-3	54	100.0	87.0	13.0	9.3	-	-	9.3	-	1.9	1.9	-	-	-	-	-	-	-	1.9
Grades 4-8	172	100.0	84.3	15.7	2.9	-	-	2.9	-	7.0	7.0	-	-	3.5	2.3	1.2	-	0.6	1.7
Grades 9-10	145	100.0	81.4	18.6	4.8	-	2.8	2.1	-	9.7	8.3	1.4	-	2.8	2.1	0.7	-	-	1.4
Tech. Voc.	39	100.0	92.3	7.7	-	-	-	-	-	2.6	2.6	-	-	-	-	-	-	-	5.1
Spec. Voc.	71	100.0	81.7	18.3	-	-	-	-	-	15.5	11.3	4.2	-	-	-	-	-	-	2.8
High & above	117	100.0	88.9	11.1	-	-	-	-	-	8.5	8.5	-	-	1.7	1.7	-	-	-	0.9
SC	306	100.0	82.0	18.0	0.7	0.7	-	-	-	8.5	6.5	2.0	-	6.5	5.2	0.7	0.7	2.0	0.3
Non-	6	100.0	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grades 1-3	14	100.0	85.7	14.3	-	-	-	-	-	14.3	14.3	-	-	-	-	-	-	-	-
Grades 4-8	119	100.0	90.8	9.2	-	-	-	-	-	7.6	5.9	1.7	-	-	-	-	-	1.7	-
Grades 9-10	65	100.0	66.2	33.8	-	-	-	-	-	15.4	13.8	1.5	-	18.5	16.9	-	-	1.5	-
Tech. Voc.	35	100.0	91.4	8.6	-	-	-	-	-	2.9	-	2.9	-	5.7	2.9	2.9	-	-	-
Spec. Voc.	34	100.0	85.3	14.7	5.9	5.9	-	-	-	2.9	-	2.9	-	2.9	-	2.9	-	2.9	-
High & above	33	100.0	63.6	36.4	-	-	-	-	-	9.1	6.1	3.0	-	15.2	12.1	-	3.0	9.1	3.0

Source: P.S. "Migration & F. Inf. Employment", 2003, Mongolia

Table 5 Continued

	Total	%	Non-migrant		Migrant	In-				Return			Circular			Potential		
			Total	Acs		SCs	Rural areas	Total	Rural areas	Total	UB	Acs	Total	UB	Acs	Total	UB	Internal
Informal labourers	69	100.0	63.8	36.2	17.4	4.3	7.2	5.8	2.9	5.8	2.9	5.8	4.3	1.4	10.1	4.3	2.9	2.9
Agriculture	1	100.0	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	4	100.0	25.0	75.0	25.0	-	25.0	50.0	50.0	50.0	50.0	50.0	-	-	-	-	-	-
Clothing & housing material	2	100.0	-	100.0	-	-	-	100.0	100.0	-	-	-	-	-	-	-	-	-
Processing industry	1	100.0	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food and beverages	1	100.0	-	100.0	100.0	-	-	100.0	-	-	-	-	-	-	-	-	-	-
Construction	22	100.0	68.2	31.8	9.1	4.5	4.5	-	-	4.5	-	4.5	-	4.5	18.2	9.1	4.5	4.5
Recycling industry	1	100.0	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale trade	8	100.0	-	100.0	50.0	-	25.0	25.0	-	25.0	25.0	25.0	25.0	25.0	25.0	12.5	12.5	-
Retail trade	18	100.0	88.9	11.1	11.1	5.6	5.6	-	-	-	-	-	-	-	-	-	-	-
Hotels and restaurants	4	100.0	75.0	25.0	25.0	0.0	25.0	-	-	-	-	-	-	-	-	-	-	-
Transport	7	100.0	71.4	28.6	14.3	14.3	-	-	-	14.3	14.3	14.3	-	-	100.0	-	-	100.0
Membership, recreational, cultural and sport activities	1	100.0	-	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Household and personal services	3	100.0	66.7	33.3	33.3	-	-	33.3	-	-	-	-	-	-	-	-	-	-

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

Table 6 In-migrants in UB, by before and after migration and current job industry, and place of origin

	Before migration				After migration				Current			
	Total	ACs	SCs	International	Total	ACs	SCs	International	Total	ACs	SCs	International
UB - N	98	33	37	27	116	48	37	29	101	41	33	26
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	45.9	12.1	37.8	100.0	1.7	2.1	-	3.4	-	-	-	-
Manufacturing	9.2	12.1	13.5	-	37.1	27.1	45.9	44.8	34.7	22.0	42.4	46.2
Clothing & housing material	7.1	6.1	13.5	-	25.9	14.6	37.8	31.0	24.8	14.6	36.4	26.9
Processing industry	-	-	-	-	3.4	2.1	2.7	6.9	3.0	-	3.0	7.7
Food and beverages	2.0	6.1	-	-	6.9	10.4	2.7	6.9	5.9	7.3	-	11.5
Other manufacturing	-	-	-	-	0.9	-	2.7	-	1.0	-	3.0	-
Electricity, heating & water supply	-	-	-	-	0.9	-	2.7	-	-	-	-	-
Construction	4.1	12.1	-	-	6.9	12.5	5.4	-	7.9	12.2	9.1	-
Recycling industry	-	-	-	-	1.7	-	-	6.9	2.0	-	-	7.7
Wholesale trade	5.1	12.1	2.7	-	11.2	8.3	16.2	10.3	7.9	4.9	12.1	7.7
Retail trade	6.1	15.2	2.7	-	19.0	27.1	8.1	20.7	21.8	31.7	9.1	23.1
Hotels and restaurants	4.1	6.1	2.7	-	6.9	6.3	5.4	6.9	5.9	7.3	6.1	3.8
Transport	1.0	3.0	-	-	4.3	2.1	8.1	-	4.0	2.4	9.1	-
Post and telecommunications	2.0	6.1	-	-	-	-	-	-	1.0	-	3.0	-
Research and development	-	-	-	-	-	-	-	-	1.0	-	-	100.0
Public administration	6.1	6.1	10.8	-	0.9	2.1	-	-	3.0	7.3	-	-
Education	7.1	9.1	10.8	-	3.4	4.2	5.4	-	4.0	4.9	6.1	-
Health and social work	3.1	3.0	5.4	-	2.6	4.2	-	3.4	2.0	2.4	-	3.8
Sewage, disposal, sanitation and collection activities	1.0	3.0	-	-	-	-	-	-	-	-	-	-
Membership, recreational, cultural and sport activities	1.0	-	2.7	-	2.6	4.2	2.7	-	4.0	4.9	3.0	3.8
Household and personal services	3.1	-	8.1	-	0.9	-	-	3.4	1.0	-	-	-
Any job available	1.0	-	2.7	-	-	-	-	-	-	-	-	-

Source: PS "Migration & F-Inf. Employment", 2003, Mongolia

Table 7 Migration rates of employed persons, by place of origin or destination, location & labour type

	UB			AC			SC		
	FLs	Inf.BWs	ILs	FLs	Inf.BWs	ILs	FLs	Inf.BWs	ILs
Total	346	130	40	154	90	25	95	30	4
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-migrants	69.9	71.5	50.0	89.0	87.8	80.0	89.5	93.3	100.0
Migrants	30.1	28.5	50.0	11.0	12.2	20.0	10.5	6.7	-
In-	18.5	19.2	30.0	1.9	-	-	2.1	-	-
from ACs	7.2	10.0	7.5	-	-	-	2.1	-	-
from SCs	6.4	4.6	12.5	0.6	-	-	-	-	-
from Rural areas	4.6	4.6	10.0	1.3	-	-	-	-	-
from abroad	0.3	-	-	-	-	-	-	-	-
Potential	7.8	6.9	7.5	6.5	10.0	16.0	3.2	6.7	-
to UB	-	-	-	5.2	8.9	12.0	1.1	6.7	-
to ACs, SCs and RAs	0.3	1.5	2.5	1.3	1.1	4.0	2.1	-	-
abroad	7.5	5.4	5.0	-	-	-	-	-	-
Return	0.9	-	5.0	1.9	-	-	4.2	-	-
Circular	2.9	2.3	7.5	0.6	2.2	4.0	1.1	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 8 Sex ratio of employed persons, by forms of migration, place of origin or destination, location and labour type

	UB			AC			SC		
	FLs	Inf.BWs	ILs	FLs	Inf.BWs	ILs	FLs	Inf.BWs	ILs
Total	100	86	264	88	109	257	58	173	33
Non-migrants	103	72	150	88	108	233	60	155	33
Migrants	93	131	567	89	120	400	43	-	-
In-	78	127	300	200	-	-	100	-	-
from ACs	127	117	-	-	-	-	100	-	-
from SCs	69	100	400	0	-	-	-	-	-
from Rural areas	45	200	100	-	-	-	-	-	-
from abroad	0	-	-	-	-	-	-	-	-
Potential	145	125	-	67	200	300	0	-	-
to UB	100	-	-	60	167	200	0	-	-
to ACs, SCs and RAs	0	100	-	100	-	-	0	-	-
abroad	167	133	-	-	-	-	-	-	-
Return	0	-	-	50	-	-	33	-	-
Circular	150	200	-	-	0	-	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 9 Migration rates of persons aged 12+, by forms of migration, place of origin or destination, location and workers status

	UB				AC				SC			
	Employed	Unemployed	Non-workers	Potential workers	Employed	Unemployed	Non-workers	Potential workers	Employed	Unemployed	Non-workers	Potential workers
Total	516	105	517	65	269	24	246	58	129	19	118	20
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-migrants	68.8	61.0	73.5	56.9	87.7	91.7	88.6	72.4	90.7	89.5	83.9	90.0
Migrants	31.2	39.0	26.5	43.1	12.3	8.3	11.4	27.6	9.3	10.5	16.1	10.0
In-	19.6	25.7	18.4	27.7	1.1	-	3.7	8.6	1.6	-	-	-
from ACs	7.9	9.6	7.6	15.3	-	-	-	-	1.6	-	-	-
from SCs	6.4	9.5	6.2	6.2	0.4	-	1.2	-	-	-	-	-
from Rural areas	5.0	6.7	4.6	4.6	0.7	-	2.4	8.6	-	-	-	-
from abroad	0.2	-	-	1.5	-	-	-	-	-	-	-	-
Potential	7.6	11.4	6.2	10.8	8.6	8.3	6.1	15.5	3.9	5.3	15.3	10.0
to UB	0.4	3.8	0.8	-	7.1	8.3	6.1	13.8	2.3	-	13.6	5.0
to ACs, SCs and RAs	0.8	1.0	0.2	-	1.5	-	-	1.7	1.6	5.3	1.7	5.0
abroad	6.4	6.7	5.2	10.8	-	-	-	-	-	-	-	-
Return	1.0	-	1.0	1.5	1.1	-	0.4	-	3.1	5.3	0.8	-
Circular	3.1	1.9	1.0	3.1	1.5	-	1.2	3.4	0.8	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 10 Sex ratio of persons aged 12+, by forms of migration, place of origin or destination, location and workers status

	UB				AC				SC			
	Employed	Unemployed	Non-workers	Potential workers	Employed	Unemployed	Non-workers	Potential workers	Employed	Unemployed	Non-workers	Potential workers
Total	103	110	62	124	104	71	59	152	74	375	87	150
Non-migrants	96	137	62	147	102	83	63	147	75	325	98	157
Migrants	121	78	61	100	120	0	33	167	71	-	46	100
In-	102	93	58	100	200	-	29	67	100	-	-	-
from ACs	141	50	46	80	-	-	-	-	100	-	-	-
from SCs	94	100	78	300	0	-	0	-	-	-	-	-
from Rural areas	73	250	60	200	-	-	50	67	-	-	-	-
from abroad	0	-	-	0	-	-	-	-	-	-	-	-
Potential	160	50	60	133	130	0	36	200	67	-	50	100
to UB	100	100	33	-	111	0	36	167	200	-	60	-
to ACs, SCs and RAs	100	0	0	-	300	-	-	-	0	-	0	0
abroad	175	40	69	133	-	-	-	-	-	-	-	-
Return	67	-	67	0	50	-	0	-	33	-	0	-
Circular	220	100	150	100	100	-	50	-	-	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 11 Economic motive indices (EMI) by migration status, forms of migration, place of origin or destination, location and labour type

	Non-migrant	In-				Potential			Return				Circular				
		ACs	SCs	Rural areas	International	UB	Internal	International	UB	ACs	SCs	Rural areas	UB	ACs	SCs	Rural areas	International
UB																	
FLs	2.3	2.0	2.0	2.0	2.5	1.5	3.3	2.5	-	1.3	-	-	2.3	2.0	4.0	2.3	5.5
Inf.BWs	2.7	4.0	3.0	2.1	-	-	3.3	6.7	-	-	-	-	-	-	-	4.0	-
ILs	2.2	1.3	2.3	1.2	-	-	-	2.2	-	-	-	1.7	1.3	-	-	-	-
AC																	
FLs	2.0	-	1.4	1.0	-	1.7	2.8	-	0.8	-	2.4	-	-	-	-	1.2	-
Inf.BWs	2.7	-	-	-	-	1.2	3.3	-	-	-	-	-	-	-	-	3.3	-
ILs	1.1	-	-	-	-	-	1.7	-	-	-	-	-	-	-	1.8	-	-
SC																	
FLs	1.5	1.6	-	-	-	2.7	1.6	-	1.9	-	1.8	-	1.9	-	-	-	-
Inf.BWs	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ILs	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 12 Economic push factors by forms of migration and place of origin or destination

	In-				Return				Potential				Out-				
	Total	UB	ACs	SCs	Rural areas	Total	ACs	SCs	Rural areas	Total	UB	Internal	International	Total	UB	Internal	International
Total	158	3	57	45	53	6	2	1	3	100	33	14	53	24	5	3	16
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
ENTITLEMENT FAILURES																	
No job/ No secure job	98.1	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	87.0	93.9	92.9	81.1	91.7	100.0	100.0	87.5
Unemployed	67.7	-	71.9	64.4	69.8	66.7	100.0	100.0	33.3	50.0	54.5	64.3	43.4	45.8	80.0	-	43.8
No job in formal sector	48.1	-	42.1	44.4	60.4	50.0	50.0	100.0	33.3	32.0	39.4	35.7	26.4	33.3	80.0	-	25.0
No job in informal sector	10.1	-	19.3	8.9	1.9	-	-	-	-	10.0	6.1	14.3	11.3	12.5	-	-	18.8
Low income	9.5	-	10.5	11.1	7.5	16.7	50.0	-	-	8.0	9.1	14.3	5.7	-	-	-	-
Low income	16.5	-	26.3	24.4	-	-	-	-	-	37.0	39.4	28.6	37.7	45.8	20.0	100.0	43.8
No breadwinner income	16.5	-	26.3	24.4	-	-	-	-	-	19.0	18.2	14.3	20.8	41.7	20.0	100.0	37.5
Loss	-	-	-	-	-	-	-	-	-	18.0	21.2	14.3	17.0	4.2	-	-	6.3
Loss due to natural disaster	13.9	-	1.8	11.1	30.2	33.3	-	-	66.7	-	-	-	-	-	-	-	-
Loss due to other reasons	13.3	-	1.8	11.1	28.3	-	-	-	-	-	-	-	-	-	-	-	-
NO HOUSING	0.6	-	-	-	1.9	33.3	-	-	66.7	-	-	-	-	-	-	-	-
	1.9	100.0	-	-	-	-	-	-	-	13.0	6.1	7.1	18.9	8.3	-	-	12.5

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

Table 13 Economic pull factors by forms of migration and place of origin or destination

	In-				Return			Potential			Out-						
	Total	UB	ACs	SCs	Total	ACs	SCs	Rural areas	Total	UB	Internal	International	Total	UB	Internal	International	
Total - N	158	3	57	45	53	6	2	1	3	111	34	12	65	32	13	4	15
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
BETTER INCOME	21.5	-	24.6	20.0	20.8	-	-	-	-	52.3	26.5	50.0	66.2	46.9	61.5	-	46.7
Better income in formal sector	19.6	-	22.8	17.8	18.9	-	-	-	-	50.5	23.5	41.7	66.2	46.9	61.5	-	46.7
Better income in informal sector	1.9	-	1.8	2.2	1.9	-	-	-	-	1.8	2.9	8.3	-	-	-	-	-
SEARCH FOR A JOB	67.1	100.0	66.7	68.9	64.2	83.3	50.0	100.0	100.0	40.5	58.8	25.0	33.8	15.6	-	25.0	26.7
Search for a job in formal sector	42.4	66.7	36.8	44.4	45.3	33.3	50.0	-	33.3	34.2	47.1	8.3	32.3	15.6	-	25.0	26.7
In government organisations	20.3	-	15.8	26.7	20.8	-	-	-	-	9.9	29.4	8.3	-	-	-	-	-
In private invested companies	7.6	-	5.3	8.9	9.4	-	-	-	-	0.9	2.9	-	-	-	-	-	-
In foreign invested companies	4.4	-	3.5	4.4	5.7	16.7	50.0	-	-	9.0	5.9	-	12.3	3.1	-	-	6.7
In cooperatives	0.6	-	-	-	1.9	-	-	-	-	-	-	-	-	-	-	-	-
In relative's small companies	0.6	-	-	-	1.9	-	-	-	-	0.9	2.9	-	-	-	-	-	-
In friend's small companies	0.6	33.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In stranger's small companies	8.2	33.3	12.3	4.4	5.7	16.7	-	-	33.3	13.5	5.9	-	20.0	12.5	-	25.0	20.0
Search for a job in informal sector	24.7	33.3	29.8	24.4	18.9	50.0	-	100.0	66.7	6.3	11.8	16.7	1.5	-	-	-	-
Larger market (close to market)	13.9	33.3	10.5	15.6	15.1	50.0	-	100.0	66.7	0.9	2.9	-	-	-	-	-	-
Diverse opportunities	10.8	-	19.3	8.9	3.8	-	-	-	-	5.4	8.8	16.7	1.5	-	-	-	-
FOUND A JOB	11.4	-	8.8	11.1	15.1	16.7	50.0	-	-	7.2	14.7	25.0	-	37.5	38.5	75.0	26.7
Found a job in formal sector	10.8	-	7.0	11.1	15.1	16.7	50.0	-	-	7.2	14.7	25.0	-	37.5	38.5	75.0	26.7
In government organisations	1.9	-	3.5	-	1.9	-	-	-	-	1.8	2.9	8.3	-	6.3	7.7	25.0	-
In foreign invested companies	4.4	-	8.9	5.7	5.7	16.7	50.0	-	-	0.9	2.9	-	-	9.4	15.4	-	6.7
In private large companies	3.8	-	3.5	2.2	5.7	-	-	-	-	4.5	8.8	16.7	-	3.1	7.7	-	-
In relative's small companies	0.6	-	-	-	1.9	-	-	-	-	-	-	-	-	9.4	7.7	-	-
In friend's small companies	-	-	-	-	-	-	-	-	-	-	-	-	-	9.4	7.7	25.0	6.7
In stranger's small companies	-	-	-	-	-	-	-	-	-	-	-	-	-	9.4	7.7	25.0	6.7
Found a job in informal sector	0.6	-	1.8	-	-	-	-	-	-	-	-	-	-	9.4	-	25.0	13.3

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

Table 14 Social factors by forms of migration and place of origin or destination

	In-				Return				Potential			Out-						
	Total	ACs	SCs	Rural areas	International	Total	UB	ACs	SCs	Rural areas	International	Total	UB	Internal	International			
Total - N	183	71	63	47	2	20	4	4	6	4	2	101	57	7	37	41	21	10
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Study	24.0	29.6	25.4	12.8	50.0	10.0	-	25.0	-	25.0	-	52.5	47.4	14.3	67.6	56.1	52.4	40.0
Study as a main reason	24.0	29.6	25.4	12.8	50.0	10.0	-	25.0	-	25.0	-	48.5	47.4	-	59.5	53.7	52.4	40.0
Study as a second reason	-	-	-	-	-	-	-	-	-	-	-	4.0	-	14.3	8.1	2.4	-	10.0
Better social services	31.7	26.8	30.2	42.6	-	10.0	-	25.0	16.7	-	-	27.7	38.6	14.3	13.5	2.4	-	10.0
Better education for children	25.1	21.1	25.4	31.9	-	10.0	-	25.0	16.7	-	-	22.8	31.6	-	13.5	2.4	-	10.0
Better health care	6.6	5.6	4.8	10.6	-	-	-	-	-	-	-	5.0	7.0	14.3	-	-	-	-
Birth place/home community	-	-	-	-	-	25.0	50.0	25.0	16.7	-	50.0	-	-	-	-	4.9	4.8	10.0
Search for a survival	-	-	-	-	-	10.0	25.0	25.0	-	-	-	1.0	-	14.3	-	24.4	42.9	10.0
Better social network	-	-	-	-	-	-	-	-	-	-	-	1.0	-	14.3	-	4.9	4.8	10.0
Moved to work as UWs	-	-	-	-	-	10.0	25.0	25.0	-	-	-	-	-	-	-	19.5	38.1	-
Retired	3.3	-	9.5	-	-	-	-	-	-	-	-	2.0	3.5	-	-	-	-	-
Poor health	-	-	-	-	-	5.0	-	-	-	-	50.0	-	-	-	-	-	-	-
Family movement	41.0	43.7	34.9	44.7	50.0	40.0	25.0	-	66.7	75.0	-	16.8	10.5	57.1	18.9	12.2	-	30.0
Married	2.2	1.4	1.6	2.1	50.0	10.0	-	-	33.3	-	-	2.0	-	-	5.4	2.4	-	10.0
To join family	15.3	16.9	15.9	12.8	-	30.0	25.0	-	33.3	75.0	-	12.9	8.8	42.9	13.5	9.8	-	20.0
Came with family	23.5	25.4	17.5	29.8	-	-	-	-	-	-	-	2.0	1.8	14.3	-	-	-	-

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia

Table 15 Reasons for no (intention for) migration, by workers status and location

	Total	Employed	Unemployed	Non workers	Potential workers
Total - N	1921	847	133	816	125
%	100.0	100.0	100.0	100.0	100.0
Satisfactory life here	28.4	49.9	12.8	11.4	10.4
Better opportunities here	15.6	17.5	26.3	9.7	30.4
Studying	23.8	2.7	10.5	51.3	0.8
Poor body capital	13.4	7.9	5.3	20.2	15.2
Because of family	7.4	9.3	13.5	3.3	15.2
Poor education	3.7	3.9	10.5	1.0	12.8
No money	3.7	4.7	9.8	1.0	8.8
Have not thought about it	3.9	4.0	11.3	2.1	6.4
UB - N	1113	477	93	485	58
%	100.0	100.0	100.0	100.0	100.0
Satisfactory life here	28.8	49.3	14.0	13.8	8.6
Better opportunities here	8.3	9.9	12.9	4.7	17.2
Studying	24.3	3.8	12.9	49.7	0.0
Poor body capital	16.2	9.6	6.5	23.5	24.1
Because of family	8.4	10.9	16.1	3.5	15.5
Poor education	3.3	4.0	10.8	0.4	10.3
No money	5.8	7.3	12.9	1.4	17.2
Have not thought about it	5.0	5.2	14.0	2.9	6.9
AC - N	548	246	22	231	49
%	100.0	100.0	100.0	100.0	100.0
Satisfactory life here	27.2	48.4	13.6	9.1	12.2
Better opportunities here	20.8	23.6	31.8	14.7	30.6
Studying	22.8	0.8	9.1	51.9	2.0
Poor body capital	10.6	6.1	0.0	16.5	10.2
Because of family	7.8	9.8	13.6	3.9	14.3
Poor education	6.2	5.7	18.2	2.6	20.4
No money	1.3	2.0	4.5	0.0	2.0
Have not thought about it	3.3	3.7	9.1	1.3	8.2
SC - N	260	124	18	100	18
%	100.0	100.0	100.0	100.0	100.0
Satisfactory life here	29.6	55.6	5.6	5.0	11.1
Better opportunities here	36.2	34.7	88.9	22.0	72.2
Studying	23.5	2.4	0.0	58.0	0.0
Poor body capital	7.7	4.8	5.6	13.0	0.0
Because of family	2.7	2.4	0.0	1.0	16.7
Poor education	0.0	0.0	0.0	0.0	0.0
No money	0.4	0.0	0.0	1.0	0.0
Have not thought about it	0.0	0.0	0.0	0.0	0.0

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 16 Reasons for no migration, by employment status and location

	Total	FLs	Inf.BWs	ILs
Total - N	847	555	230	62
%	100.0	100.0	100.0	100.0
Satisfactory life here	49.9	54.6	45.7	24.2
Better opportunities here	17.5	17.1	19.1	14.5
Studying	2.7	2.0	3.9	4.8
Poor body capital	7.9	7.2	9.6	8.1
Because of family	9.3	8.3	8.3	22.6
Poor education	3.9	3.1	5.2	6.5
No money	4.7	4.1	4.3	11.3
Have not thought about it	4.0	3.6	3.9	8.1
UB - N	477	319	121	37
%	100.0	100.0	100.0	100.0
Satisfactory life here	49.3	52.7	46.3	29.7
Better opportunities here	9.9	9.4	9.9	13.5
Studying	3.8	2.8	5.0	8.1
Poor body capital	9.6	9.7	10.7	5.4
Because of family	10.9	9.7	10.7	21.6
Poor education	4.0	3.8	5.8	0.0
No money	7.3	6.9	5.8	16.2
Have not thought about it	5.2	5.0	5.8	5.4
AC - N	246	144	81	21
%	100.0	100.0	100.0	100.0
Satisfactory life here	48.4	54.2	45.7	19.0
Better opportunities here	23.6	23.6	25.9	14.3
Studying	0.8	1.4	0.0	0.0
Poor body capital	6.1	3.5	9.9	9.5
Because of family	9.8	10.4	6.2	19.0
Poor education	5.7	3.5	6.2	19.0
No money	2.0	0.7	3.7	4.8
Have not thought about it	3.7	2.8	2.5	14.3
SC - N	124	92	28	4
%	100.0	100.0	100.0	100.0
Satisfactory life here	55.6	62.0	42.9	0.0
Better opportunities here	34.7	33.7	39.3	25.0
Studying	2.4	0.0	10.7	0.0
Poor body capital	4.8	4.3	3.6	25.0
Because of family	2.4	0.0	3.6	50.0
Poor education	0.0	0.0	0.0	0.0
No money	0.0	0.0	0.0	0.0
Have not thought about it	0.0	0.0	0.0	0.0

Source: PS "Migration & F.Inf. Employment", 2003, Mongolia

Table 17 Reasons for no (intention for) migration, by migration status, forms of migration and location

	UB				AC				SC			
	Total	Non-	Circular	Return	Total	Non-	Circular	Return	Total	Non-	Circular	Return
Total - N	1,113	836	25	241	11	548	9	17	4	260	251	6
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SATISFACTORY LIFE	28.8	30.4	12.0	24.9	27.3	27.2	28.0	22.2	5.9	25.0	29.6	28.3
Satisfactory job	13.5	12.3	8.0	18.3	9.1	12.8	13.1	-	5.9	25.0	21.5	20.3
Satisfactory housing	12.9	16.0	4.0	2.9	18.2	11.1	11.6	11.1	-	-	1.2	1.2
Satisfactory income	1.3	0.8	-	2.9	-	1.6	1.7	-	-	0.4	0.4	-
Satisfactory property	-	-	-	-	-	0.5	0.6	-	-	2.7	2.4	-
Satisfactory family business	1.1	1.2	-	0.8	-	1.1	1.0	11.1	-	3.8	4.0	-
BETTER LIFE	8.3	7.2	4.0	12.0	18.2	21.0	20.7	22.2	29.4	25.0	36.2	36.7
Better opportunities to find a job	2.0	0.6	4.0	6.2	9.1	0.4	0.4	-	-	-	-	-
Better living standard	0.2	0.1	-	0.4	-	-	-	-	-	-	-	-
Better education for children	0.1	0.1	-	-	-	-	-	-	-	-	-	-
Better environment	0.6	0.7	-	0.4	-	-	-	-	-	0.4	0.4	-
Birth place/home community	5.4	5.6	-	5.0	9.1	20.6	20.3	22.2	29.4	25.0	35.8	36.3
HAVE NOT THOUGHT ABOUT IT	5.0	5.4	4.0	3.7	9.1	3.3	3.5	-	-	-	-	-
NON-WORKER	40.5	41.7	40.0	36.9	27.3	33.2	33.6	33.3	23.5	25.0	31.2	31.9
Studying	24.3	24.5	16.0	24.9	9.1	22.6	22.8	22.2	23.5	-	23.5	24.3
Poor health	3.1	3.3	4.0	2.5	-	3.5	3.7	-	-	-	1.9	1.6
Disability	1.3	1.4	-	0.8	-	1.1	1.2	-	-	-	0.4	0.4
Old age	11.9	12.4	20.0	8.7	18.2	6.0	6.0	11.1	-	25.0	5.4	5.6
CAN NOT MIGRATE	17.4	15.3	40.0	22.4	18.2	15.3	14.3	22.2	41.2	25.0	3.1	3.2
Poor education	3.3	2.8	4.0	5.4	-	6.2	5.2	22.2	29.4	-	-	-
Because of family	8.4	7.9	4.0	10.8	-	7.8	7.7	-	11.8	25.0	2.7	2.8
Large size of family	0.4	0.4	-	0.4	-	0.9	0.8	-	-	25.0	1.2	1.2
Responsibility in family	7.1	6.6	4.0	9.5	-	1.6	1.5	-	5.9	-	1.2	1.2
Status in family	0.9	1.0	-	0.8	-	5.3	5.4	-	5.9	-	0.4	0.4
No money	5.8	4.7	32.0	6.2	18.2	1.3	1.4	-	-	-	0.4	0.4

Source: PS "Migration & F. Inf. Employment", 2003, Mongolia



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After understanding insecure livelihood prevailed in Mongolia, due to emergence of potential and informal workers, she concerns more about economic development issues in Mongolia. She worked on livestock based manufacturing, and understood that primary products originated from agriculture of Mongolia are exported to China, at a given price, while livestock based manufacturing of Mongolia suffers from shortage of financial capital, and especially while mining and quarrying sector flourishes in the country. Then she moved to study mining and quarrying sector of Mongolia, and understood that Mongolia faces Dutch disease. More importantly, Mongolia makes mistakes in 1) collecting, 2) accumulating and 3) distributing financial capital which originate and suppose to be originated from mining and quarrying sector. Instead, Mongolia transports primary products of mining and quarrying sector to China again at the given price. In order to avoid, Dutch

disease, Mongolia needs to diversify its economy. So this calls to study industrial policy of Mongolia, and as a result, she suggested that Mongolia needs to develop a parallel industrial policy: resource based and non-resource based industrial policy. The parallel industrial policy is important for Mongolia, the country which faces economic insecurity between two giants, Russia and China. She believes that diversification of an economy will be the only solution to move potential and informal workers into formal employment, and to eliminate human misery in the country. All her research papers have been published within ADB project, and distributed among relevant government agencies and ministries.

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