



Title	A Savvy Trader in Socialist Mongolia : An Interview Data for Investigations of the Socialist Period
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Citation	北方人文研究, 6, 167-175
Issue Date	2013-03-31
Doc URL	<a href="http://hdl.handle.net/2115/52621">http://hdl.handle.net/2115/52621</a>
Type	bulletin (other)
File Information	jcnh06-11-TAKIGUCHI.pdf



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〈Notes on Research〉

## A Savvy Trader in Socialist Mongolia: An Interview Data for Investigations of the Socialist Period

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### 1. Introduction

In recent years, the use of narrative data has attracted much attention in the social sciences. The narrative approach attaches special importance to individual experiences and personal accounts, and scholars have frequently relied on this approach as a means to reveal subjective understandings of the past. Interview data has been particularly useful in studies of former socialist states, where past socialist regimes often continue to exert great influences even after their collapse (Konagaya and Goto 2011). For—although it is generally assumed that the characteristics of the former socialist states involved some combination of Marxist ideology, authoritarianism, and state surveillance—narratives of personal experiences during the socialist period reveal much more nuanced aspects of state socialism. Such narratives are likely to clarify the circumstances of unique lives under the socialist regime: not in ideological terms, but according to individual practices and responses.

This paper focuses on private trade during the socialist period, specifically drawing on interview evidence from the Mongolian context (1921-1992). Private trade, of course, is conventionally perceived as being very restricted by socialist states. One of the fundamental characteristics of a socialist economy is state control of commerce, distribution, and official prices. However, in contradiction to the above assumption about socialist economies, there were certain economic practices prohibited by the state that were nevertheless practised among the citizens across all socialist states. Such unofficial economies have been dubbed ‘second economies’ or ‘shadow economies’ (Verdery 1991).

The unofficial economic practices spread not only into the private sphere, affecting family, kin, and personal relationships, but also into relatively more official spheres such as the workplace and market (*zah* in Mongolian). In this paper, I will focus on the exchange of daily commodities and the practices of private traders (*naimaachin*), people who conducted prohibited business during the socialist period.

In Mongolia, private traders have traditionally been called *naimaachin*. Today, the term *naimaachin* is generally defined as a person who sells something at a profit, and the term has come to be rephrased as ‘*biznesmen* (business person)’ in recent years. However, during the socialist period, the meaning of private trade (*naimaa*) differed greatly from its present use in the post-socialist period. Private traders were blamed for laziness because they did not produce anything, and their business was strikingly contrasted with the much-glorified ‘labour’, which contributed to the good of socialist state. Instead, private traders obtained a great variety of goods by all possible means and resold them for more than twice as much as official prices for their personal gain.

The outline of this paper is as follows. First, we briefly describe the biography of our interview subject: a woman, Naraa, who engaged in private trade throughout the socialist period in Mongolia. Secondly, we relate in detail how she managed to conduct her business given the constraints of the communist economy. This examination clarifies some of the distinct features of the private sphere of the socialist economic system in Mongolia. In conclusion, we will discuss the possible contributions of the narrative approach for the study of the socialist period.

## **2. Private trade under the socialist regime**

### **2-1. A brief history of Naraa's life**

Naraa was born in the province of Töv aimag in 1959. She was the first-born daughter of a working-class family. Her father was a very industrious truck driver and her mother worked as a nurse in preschool. She remembers her parents as extremely earnest workers and recalls a strict upbringing as the eldest daughter. Soon after her birth, Naraa's family moved to the capital city, Ulaanbaatar. Following her schooldays, she has lived in the city since.

When she was 17 years old and in her last year of secondary school, Naraa met a woman whom she called a 'real trader (*jinhine naimaachin*)'. This woman was about 40 years old and the mother of one of Naraa's classmates. Despite having been unemployed for a long time because of illness, the woman had always engaged in private trade activities. She was often labelled a '*damchin* (reseller)' or '*panzchin* (originating from *fanzi* in Chinese)' in Mongolian, which were derogatory terms for private traders during the socialist period. Having struck up a friendship with this woman, Naraa learned from her almost everything that was necessary to start her own trading.

After Naraa entered a college in Darhan city, the second largest city in Mongolia, to study childcare, her business started to blossom. She purchased goods from Russian and Hungarian workers and engineers who worked at various factories in Darhan city. She sold these goods to her classmates at prices twice their original retail value. She recalls that students from the countryside, especially, wanted to buy certain kinds of goods: leather boots, high-heeled shoes, and clothes that were fashionable at the time, like bell-bottom jeans and trousers.

After graduating from college, Naraa began work as a nurse at a preschool in Ulaanbaatar. She continued to expand her private trade activities outside of her professional career. While she worked a rotating shift at the preschool, she traded on her holidays or sometimes took time off from work. She conducted her business in various places: the National Department Store, other official stores, Russian stores, the apartments of Russians and other foreigners, and in the market. She made a profit by reselling various kinds of goods. In other words, she availed herself of the price differences among different supply systems (the detail of her trade in Ulaanbaatar is described in Section 3).

When Naraa was about 30, the socialist regime collapsed. She converted all of what she possessed at that time into money to avoid insolvency in the face of a possible crisis in the coming age of transition. She now regrets that decision as the worst mistake of her life. After the

transition to a market economy, unprecedented hyperinflation took hold in post-socialist Mongolia. The rate of inflation reached 325% in 1992 (Rossabi 2005). Consequently, Naraa lost a large part of her fortune. Although she suffered from the pervasive hyperinflation, Naraa continued to conduct various kinds of businesses—for instance, a private import trade, peddling Polish foods, clothes, groceries, and vodka. However, she has done very little business in recent years. She sometimes says that if she had not exchanged her goods for cash, she would not be where she is now. She observes that ‘some traders in the transitional period made huge profits. They traded with Russia or East European countries such as Hungary and Poland. Now, there are a lot of influential figures (*tomchuud*) among the present politicians, company directors who once conducted such trades’.

## 2-2. Trade as contemptible behaviour

The private trade (*naimaa*) business was looked down upon for both legal and ethical reasons in socialist Mongolia. After World War II, Mongolia adopted a planned economy based on the five-year plan model. Collectivisation and socialisation were vigorously pursued throughout the country. The Government of Mongolia established rations for daily necessities throughout the war years and then a new economic policy was ushered in. After the first five-year plan, national commercial enterprises and official merchant associations handled 94 per cent of all the domestic distribution of goods (The Institute of History, The Mongolian Academy of Science ed. 1969). Under such circumstances, the private trade business typically connoted the pursuit of individual self-interest in official discourse.

Mongolian criminal laws in the socialist period stipulated that a man who bought goods and sold them to others in order to make a profit would be charged with up to one year of imprisonment, up to 1.6 years of correctional treatment, or be levied a fine of up to 1,000 *tögrög* (Norovsanbuu 1967) [A graduate's starting salary was around 650-700 *tögrög* at that time / by author]. The communist government also considered reselling (*damyn naimaa* or *panz naimaa*) as a symbol of old habits to be eliminated. Reselling was categorized as vice in the same way as was theft, free riding, and individualism (Altangerel 1960). Metaphorically, reselling was contrasted to ‘pure labour (*tsagaan hödölmör*)’ and was considered the exploitation of other people’s work and an act of purchasing private property (Zundui and Chinbat 1988).

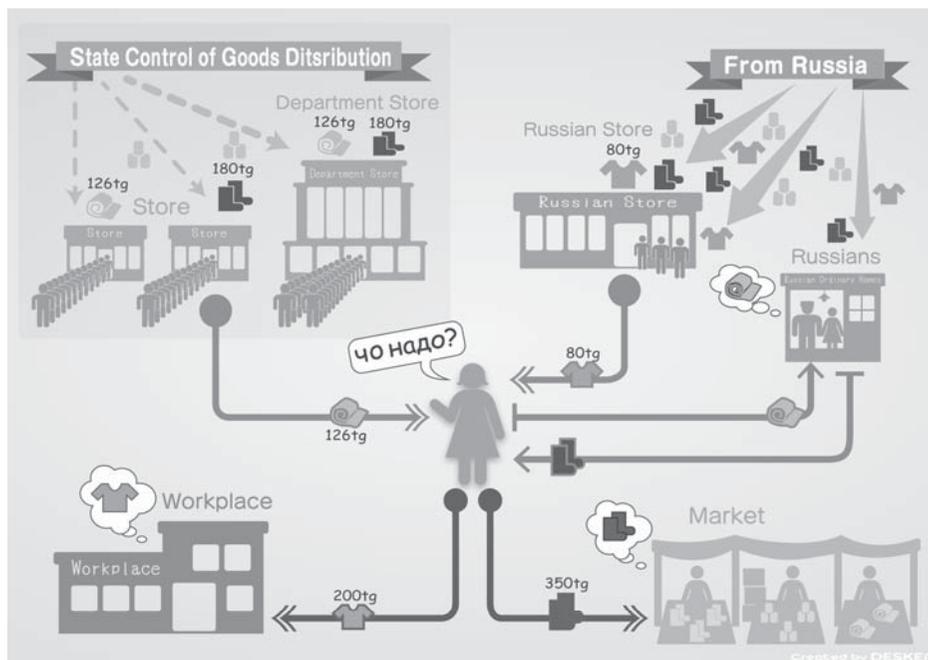
Naraa kept her private trade activities secret from her family. She says that if her parents had known of her trade, they would have been furious. However, one day, Naraa’s uncle scolded her for engaging in private trade. He might have watched her conducting business in the market (*zah*) near his home. Naraa remembers the scolding: “You ought to be ashamed of yourself for reselling (*panz naimaa*). No one in our family has ever conducted such a business. You will disgrace our whole family.”

Naraa, however, never adhered to the national moral code that considered reselling to be contemptible behaviour. Nevertheless, she continually denied her involvement in the private trade business. One of the reasons her business was implicitly permitted in her family was that she could earn a good deal of money and she could provide access to many kinds of goods

which most ordinary citizens were unable to obtain.

### 3. Some practices for hiding trade

This section describes Naraa's trade in detail. First, we will trace the route of the goods she dealt in. Roughly speaking, two routes can be distinguished. The first example concerns the path of leather boots, which were Naraa's mainstays. She bartered corduroy with Russians for leather boots and sold them in the market. The second route applies to items procured from the Russian stores in Ulaanbaatar. Naraa frequently purchased goods from the Russian stores (*Oros delgüür*), which regular Mongolian citizens were not able to enter, and sold the goods to her co-workers at her workplace. An overview of the routes of Naraa's trade is shown in Figure 1.



[Figure 1: Naraa's private trade]

#### 3-1. 'Cho nado (What do you need)?'

As mentioned earlier, the distinct characteristic of Naraa's trade was that it capitalized upon the network of foreign workers in Mongolia. During the socialist era, there were many foreign workers from the former Soviet Union and Eastern European countries, especially Russians. Of Mongolia's general population of one million, 27,113 were foreign residents in 1969, and this number increased to 55,406 in 1979 (National Statistical Office of Mongolia 2011; cf. Delaplace 2012). Many foreign specialists and engineers from Russia and other

socialist countries moved to Mongolia with their family members and stayed several years or permanently settled in the country. Naraa mainly conducted business (or exchanged goods) with the wives of such foreigners.

The staple of Naraa's trade was the reselling of leather boots. She procured and resold the leather boots that were in particularly high demand among people who came from the countryside and army soldiers. People could purchase leather boots at the National Department Store or other official stores where the price of leather shoes was officially unified at 180 *tögrög*. However, the quality of the leather boots sold in such domestic stores was fairly poor, and good-quality boots were in very short supply at the time.

Given the high demand for and limited supply of leather boots, Naraa developed a number of means of purchasing her stock. She often bartered for leather boots with Russians. In Ulaanbaatar, a large number of city's Russian population lived in special apartments designated only for Russians. Although Mongolian citizens were prohibited from entering these apartments, Naraa had got to know the guard, and she freely went into the apartments and made door-to-door visits to potential customers. She usually started her sales talk by saying, '*Chonado?*', which in Russian means 'What do you need?'. She could speak in Russian like many Mongolians who had a secondary education in those days. In response, Russian wives would sometimes request certain kinds of goods which were difficult to purchase as foreigners—for instance, corduroy fabrics with which to sew clothes. Naraa purchased corduroy from the National Department Store or the other domestic stores. She could collect the fabric easily because she knew information about the arrival of goods at the respective stores. She could buy 10 meters of corduroy fabric for the official price, 126 *tögrög*, and barter it for leather boots from the Russian wives. Later, Naraa would sell the leather boots for not less than 350 *tögrög* at the market (described in the following section), therefore, she succeeded in selling the leather boots at over twice the official price. She jokes that 'unless you resold the goods at not less than twice higher than the purchase prices, it was not business (*naimaa*)'.

Let us take a look at another aspect of Naraa's trade. In addition to bartering with the Russians of Ulaanbaatar, Naraa frequently supplied goods requested by her co-workers at the preschool. As her co-workers came to know that Naraa could enter 'Russian stores (*Oros delgüür*)', they came to request certain kinds of goods such as women's clothing, cosmetics, and toys—none of which could be found on the shelves of the domestic stores. For example, one day her co-worker requested a child's clothing item for a New Year's present. Naraa purchased the gift at 80 *tögrög* from a Russian store, and then she sold it to her co-worker at 200 *tögrög*, making a profit of 120 *tögrög*. In short, Naraa worked as a kind of purveyor for her co-workers. However, she sometimes received rebukes from one particular worker at her workplace. This worker denounced her for being a private trader. Naraa, however, explains she was never afraid because even the manager of the preschool sometimes requested goods from her.

This private trade at her workplace bore different defining aspects compared to her first type of trade (barter with Russians and selling in the market). Although she actually sold the goods at much higher rates than the original prices, she insists that this type of trade was not

‘real trade (*jinhēn naimaa*).’ She explains the distinction:

I had never sold certain kinds of goods, such as leather boots, to my colleagues. If I had sold these things, my colleagues would have denounced and despised me as a reseller (*damchin*). They must have not known that I sold leather boots at the market. I sold my colleagues goods of which they didn’t know the prices. Also, I purveyed some fashionable goods such as jeans for them...I conducted “real trade (*jinhēn naimaa*)” only at the market [laughing].

Now, we can discern two types of private trade conducted by Naraa during the socialist period. These two types of trade are distinguished by the social relationships involved and the goods themselves. The one could be called ‘purveying’, which means purchasing the goods requested from certain persons. She accommodated colleagues’ requests and made herself greatly useful among her co-workers. Although it was possible that Naraa earned occasional criticism for her illegal behaviour, most needed her to supply the goods they wanted. However, on the other hand, Naraa also knew that it was critical that she not behave like a trader who seemed to selfishly pursue only her own interests. She was required to hide the fact that she traded in certain kinds of goods such as leather boots that were obviously for the market. In one sense, at her workplace she could behave as ‘purveyor’ among her co-workers; on the other, it was necessary for her to hide her ‘real trade’. ‘Real trade’, in Naraa’s words, meant selling the goods at the market. The characteristics of ‘real trade’ involved anonymous relations between buyer and seller in a public sphere. We take a look at Naraa’s ‘real trade’ in the market in the following section.

### 3-2. At the market

A market for selling household goods was organized every Sunday. This market was located at Denjiin 1000, in the northern part of Ulaanbaatar, and went by the name of ‘black market’ (*har zah*) at that time. Naraa explains that it was the only formal market in Ulaanbaatar at that time. In this market, street vendors operated street stalls selling different kinds of household goods, including clothing, general commodities, and homemade products. These traders were required to pay a fee to the market manager to have a booth at the market and sell their goods. Yet, Naraa said that she had never paid any fee to sell her goods, though she usually conducted business at the market every Sunday. Unauthorized traders like Naraa sold their goods at the market, but the market manager and civilian police forces attempted to curtail the activities of such traders, or ‘*damchid* (resellers)’. Naraa explains how she circumvented the authorities as follows:

I had never paid the charge to have a booth at the market because the prices of my goods were much higher than usual. I usually walked around the market with goods in my hand, for example a couple of leather shoes. When someone asked me about purchasing the

shoes, we negotiated the size and price of shoes. However, I never actually sold the shoes in the market because the police monitored our activities. Therefore, the purchaser and I walked outside of the markets separately and we would meet at my friend's home near the market where I had stored my goods...it was very interesting to do business at that time. I behaved just like a spy [laughing].

The detailed description of 'real trade' at the market Naraa gives, illustrates the lengths she went to in order to hide her business from the surveillance of the authorities. She further explains that there was a place where the unauthorized traders gathered to sell their goods at one corner of the market. It seems clear that people coming to the market knew about such unauthorized trading—and so did the market manager and civilian police. It could be said that the private traders at the market were tacitly permitted to some degree. However, they were surely kept under surveillance by the authorities. Naraa recounts the following episode in which she was arrested by the civilian police:

Civilian police patrolled the market to reduce the illegal trade. They wore plain clothes and impersonated purchasers. Once, indeed, I was taken in by them and arrested; I was almost put into prison. Since I was young, about 22 years old, I felt afraid that my parents would know more than anything. But my fellow trader helped me. She asked the chief of the public safety commission to condone my trading. The result was that I was released by paying 300 *tögrög*. I was seriously scared...[however] I went to the market to conduct business the next Sunday.

The civilian police had a certain means of cracking down on traders engaged in private business at the market. They pretended to be market-goers and talked to the unauthorized traders as if they intended to purchase their goods. Naraa recalls she was so young and inexperienced when she first began trading in the market that she could not detect them. Even after her arrest, however, Naraa continued to trade her goods at the market. She was never arrested again because she came to recognize the civilian police after her arrest and even came to know them personally.

Naraa's narrative shows that the unauthorized traders in the market were not always subjected to the tight surveillance of the state. Rather, it can be said that Naraa, like other traders at the market, developed a set of practices to avoid detection and participated in de facto collusion by forging connections with the authorities.

#### **4. Conclusion**

In summary, this paper has described some of the distinct features of the private trade business during the socialist period in Mongolia. Contrary to the general understanding of civic life under the surveillance of an authoritarian state, Naraa was actively engaged in conducting her business and she could create a kind of business network consisting of multiple persons and

goods. Naraa's business practices and network typify 'strategies by which people seek to acquire needed goods or income from outside the official system of production and distribution' (Verdery 1991:423).

However, Naraa's narrative reflects more than such a sociological interpretation of the private sphere during the socialist period. Rather, underlying Naraa's narrative is a spirit of practicality, in which behaviour is deemed appropriate or not in response to places or situations. Her practice as purveyor at her workplace drew a line between accommodating requests from friends and contemptible business. At the market, the relations between unauthorized traders like Naraa and civilian police were characterized by the coexistence of surveillance and crackdowns on the one hand, and bribery and collusion on the other. These opposing relations also further blurred the distinction between whether the behaviour was illegal or not. Thus, there is a chance that the narrative data does not only picture the private sphere under socialism in the traditional sense (i.e. under state control), but also describes practices transgressing the dividing line between the private and the official spheres drawn by state.

This paper, by investigating one woman's business practices and network in socialist Mongolia, has tried to suggest the applicability of a narrative approach for the study of former socialist states generally. This paper is a point of departure for further investigation of narrative data about the socialist period—in Mongolia and elsewhere. Certainly, more research is needed to obtain a wide variety of interview perspectives. By scrutinizing the narrative accounts of individual, private lives during the socialist period, we can discern the multi-layered realms of people and artefacts, which studies focusing on broad ideological perspectives have always failed to grasp.

## Acknowledgements

This study was supported by a grant from The Slavic Research Center, Hokkaido University, and The Resona Foundation for Asia and Oceania.

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## 社会主義モンゴルのわらしべ長者：インタビュー・データの 社会主義研究への利用可能性

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本論は、社会主義の記憶をめぐる個人の「語り」が有する資料的価値の検討を目的とし、インタビュー・データを通じて社会主義体制下の市民生活の一側面を明らかにする。近年の社会主義研究では、公的な史料ではとらえきれない社会主義体制下の市民生活の実態を明らかにする資料として、個人の経験や記憶の領域が注目されている。本論では、社会主義体制下のモンゴルにおいて非合法的な個人商（転売）を営んでいた一人の女性のインタビュー・データを検討し、彼女が社会主義体制下の個人商に対する法的・倫理的な弾劾を巧妙に避けながら、創意工夫によって利益を生み出していた実践の具体像を明らかにする。最後に、社会主義体制下の市民生活に働いていた国家の管理が一様なものではなく、状況によって異なる多層的なものでありえたことを結論として提示したい。