

TOTAL PROFIT?



Opinion-piece for UB Post

The rapid opening-up of Mongolia's natural resources leads us to ask a number of questions about the direction of this development, and to what extent the Mongolian people as a whole will enjoy long-term benefit from it.

Our first question concerns what economists call the *value chain*. That Mongolia has an enormous store of natural resources - gold, copper, iron, coal, and so on, is beyond doubt. However, it is easy to sell these resources to foreign players, as soon as these resources come above ground. Indeed, vigorous efforts are made to sell these even whilst in the ground. The bigger and in the long term more profitable challenge is to add value to those resources in-country rather than sending them all abroad for others to reap this benefit.

To what extent, therefore, is the development of downstream *economic activities*, such as refining and manufacturing, infrastructure development and so on, keeping pace with the opening-up of Mongolia's natural resources? We suggest that much more could be done here, beyond giving cash handouts and shares to people. In our view this is a questionable way of giving Mongolia's citizens a long-term beneficial share in her natural resources. We suggest that such handouts, where they are not spent on daily necessities, tend to suck in imports of foreign goods, which depresses the end value of the natural resources themselves. These handouts also lead to inflationary pressures, which bear down hardest on the poorest people in Mongolia.

Manufacturing as an economic sector is something that Mongolia could, and should, develop hand-in-hand with the development of its mineral assets. We believe, given the presence of these assets and Mongolia's significant human resources, that the term '*Made in Mongolia,*' can and should be a significant selling-point for Mongolian products at home and abroad. The development of manufacturing will also help Mongolia to balance its economy, making it less susceptible to the vagaries of the world's commodity markets.

This brings us to our next question, which concerns Mongolia's *human resources*. It is said that a company's best resources are its human resources. The same principle applies to countries, and Mongolia is no exception. So while Mongolia's population is small, we suggest that its human resources are significant in reverse proportion.

These human resources could be mined, just as her mineral resources are being mined. This leads us to education, to skills development, and to gender expectations right from early childhood. It is a great concern to us that each day we see many young men sitting or wandering around with apparently nothing to do. This is a great waste of human potential, and a blight on Mongolia's development prospects. More than 90% of those who attend our small business training seminars are women. And while we applaud the fact that so many women wish to develop their skills in a small business context, we are saddened at the lack of men wanting to do the same thing. We would love to see this change.

A further question we have relates to *return on investment (ROI)*. ROI is a key foundation of capitalist economics.. It will not be viable for any business if the ROI is less than the amount invested. Of course, human greed will go as far as it can. For any business in a capitalist society, the goal is to reduce costs and retain more return. However, there is the temptation for small and large businesses in capitalist societies to forget about investing in the training and wellbeing of their staff and to neglect their duty as good neighbours to the community and the environment. Such a company's actions are driven solely by financial profit, and not by profit in the more general sense of the word. We see this view and criteria of actions unfortunately spreading to individual behaviour. Our society, by which we mean businesses as well as individuals, needs to think not just in terms of financial profit, but in terms of the overall good that these can contribute to the country as a whole. As the line goes in the National Anthem: '*Let us develop our beloved Mongolia!*'

Business ventures are appearing like mushrooms after the rain. But investing in communities where they work will be one means to their overall success. It would be a source of pride for a person to work in a company that invests or contributes to his or her local community. Our purpose in this article is not to criticise, but to ask questions that will help us all as we strive to shape the future of this great nation. This is a vision that we seek to inculcate in Seedtime NGO's business training. We teach our people not just to make money, but to serve: as good employers; as suppliers of quality local goods and services; and as good citizens of Mongolia. We already have a track record in South Gobi province of training and support for people seeking to make a business difference in their communities, and are on the cusp of expansion to other parts of this great country. Please get in touch with us via the links below if you would like to find out more.

**Paul Williams, Executive Director, & Aгаа Lkhaasuren, Chairman of Trustees, SEEDTIME
(УРГАХ ЦАГ ТББ)**

T: 9527 7836 | E: servant@seedtime.mn | W: www.seedtime.mn



twitter @MongolSeedtime

This article (slightly adapted) was published in the [UB Post](#), Mongolia's leading English-language newspaper, on September 9th 2011.