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The financialization of help: moneylenders as economic translators in the debt-based economy

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ABSTRACT

Considering that debt has become a pervasive feature of contemporary life in Mongolia, this article calls for a nuanced examination of the diversity of current debt relations as evinced through its multiple moral interpretations and social effects. Through case studies of moneylenders in contemporary Dornod Province, I discuss (1) how local actors perceive multiple moralities and types of debt (e.g. formal and informal/kinship); (2) how moneylenders comprise an occupational role as 'translators' between these different registers; and thus (3) how they allow local debtor actors to navigate their debt load by moving money between the varying registers. By mobilizing local forms of social value, moneylenders create financial value that supports and enables bank debt. As a result, the moralities and logics of finance have increasingly pervaded aspects of local social relations in the collateralization of social standing and the designation of interest payment as a form of community assistance.

KEYWORDS

Economic anthropology; financialization; moneylending; usury; debt; Mongolia

Introduction

In June of 2016, I sat in Saraa's toasty kitchen in a countryside frontier town in eastern Mongolia, as she served me fresh sugary warm curds, direct from their herd and hearth. Between sips, Saraa – the wife of a herder, who lived in a flat in the township centre while her children attended school – told me about her family's many loans. One month earlier, she and her husband had decided they needed to borrow money from the bank to pay for their daughter's university tuition. Only, this wasn't so easy, considering they already had a running 'herder' bank loan (*malchnii zeel*) – a loan that accepted animal herds as collateral – worth USD 1000.[1] Aware that banks reward reliable clients with higher credit, Saraa and her friend devised a plan to enable her family to access more money. Saraa's friend went to her bank and got a 'salary loan' (*tsalingiin zeel*), which used her guaranteed salary payment as a form of collateral. Then Saraa's friend gave Saraa the loaned money. Saraa then went to the bank and paid off her family's loan. Thus Saraa officially became a reliable borrower. Having recently heard (through the herder grapevine) that the neighbouring bank was offering reduced credit rates for reliable herders, Saraa

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went with her newly improved credit status to this bank. She obtained a new 'herder loan' of USD 2000 from this second bank, doubling the original loan amount. With the money her family had gained through this movement of money, Saraa returned to her friend. Out of deep gratitude, she recounted, Saraa gave her friend 'a few tens' (*tav arvan tsaas*) for her friend's 'help' (*tus*) in freeing up her family's cash flow.

This paper focuses on how the logics of the market and finance are interpenetrating with local social mores in the remote township of Magtaal[2], Dornod Province. In their 2015 manifesto, the noted authors Bear et al. define *financialization* as 'the scaling up and growing influence of finance, and specifically the increased linking, translation, and interactions between a financial mode of apprehending the world and other social domains'. Similarly, although loans themselves are not historically novel in the Magtaal context (see below), their sheer multitude, proliferation of form, and importance for contemporary livelihoods has resulted in the increasing interpenetration of financial logics with the morals and social norms of the community. Business transactions similar to the above – where one individual pays off another's loans, improves the borrower's credit score and consequently receives a cut from the larger loan sum – are known in urban Mongolian settings as 'loan freeing' (*zeel chölöölöh*) for the circumventing of credit ceilings. Yet, in intimate countryside settings like Magtaal, these business 'services' are frequently provided by friends, family and community members. In this instance, Saraa paid back her friend for the money she gave to 'free' the loan, but added something extra. Yet, instead of calling this extra amount some form of a service fee, Saraa refers to the transfer as an expression of gratitude for the rendering of neighbourly 'help'. In the following paragraphs, I explore how various social domains of the township community are mobilized to create financial value to pay off (most frequently) bank interest.

This article expands on previous ethnographic writings on the 'new regime of debt' (Sneath 2012, 471) in contemporary Mongolia to discuss the social ramifications of the downward pressure of bank debt for countryside residents in Magtaal. As in other ethnographic settings (Pedersen 2012, 2016; Sneath 2012), Magtaal residents are reacting to increased economic burdens not by eschewing debt but by embedding it in local ontologies (Empson 2014), leading to the use of even more debt. However, unlike the unreciprocated nature of debt in the neoliberal Ulaanbaatar setting (Pedersen 2012, 2016), Magtaal is a countryside township (*sum*) centre, where various debt relations are frequently honoured and paid. This article utilizes 10 months of ethnographic research among the indebted citizenry of Magtaal (in 2016 and 2017) to discuss the increasingly elaborate social strategies local residents engage in to navigate their mounting loan burden. I argue that moneylenders in Magtaal have emerged as an occupational category that enables debtors to manage and maintain more bank debt. As community members, moneylenders in Magtaal are uniquely situated to bridge the gap ('translate') between social norms and values and the imperatives of financial payments. As a result, the techniques and logics of finance are pervading deeper into the social structure and moral framework of the community with the proliferation of bank debt.

Zeel through the ages

The word most commonly used in Magtaal in reference to the mounting debt burden (on individual, local and state levels) is *zeel* ('loan'). In everyday contexts, residents discuss having *zeel* (*zeeltei*) or paying off *zeel* (*zeel darah*, literally 'pressing down a loan') in reference to their diverse commitments to banks, moneylenders, and friends and/or family. Similar to the semantic breadth of the English word 'loan', *zeel* is used to indicate not only high-interest bank loans but a plethora of giving, loaning and/or borrowing exchanges between entities. In the review *The Anthropology of Credit and Debt*, Peebles (2010, 226) notes that the defining feature of the credit/debt dyad in the literature has been 'its ability to link the present to the past and the future'. Similarly, the reoccurring commonality between the various contemporary usages of the word *zeel* is the understanding of a time-deferred return (of goods, services, money, etc.).[3]

The semantic breadth of the word can be traced through the historical record. According to Wheeler (2004, 230), *zeel* comes from the Chinese *jiē* (market street), reflecting a history linked to Chinese commerce. During the Manchu era, the Mongolian aristocracy and populace were highly indebted to Chinese traders, who would offer loans at 36% interest or more (Namjim 2004, 193; Sanjdorj 1980). Because these high-interest loans (*jiè*) were distributed by Chinese traders in these market streets (*jiē*), *zeel* had a double meaning, as a market street and a high-interest loan (Wheeler 2004, 232). During the Mongolian People's Republic, *zeel* took on a new character. In that period, profit orientation was officially prohibited, and *zeel* became a generalized term for any form of borrowing, trading or loaning of items between friends and family (Sneath 2012, 467). In short, *zeel* has been used in the historical record as a signifier for diverse transfers, from interfamilial obligations to high-interest contractual moneylending arrangements, situating it well as a descriptor for the diverse lending networks that arose in the post-Soviet moment.

Living from loan to loan

In sharp visual contrast to most other Mongolian township centres, contemporary Magtaal visually resembles an isolated micro-urban centre in the middle of the empty steppe. This town centre of approximately 1700 individuals in the similarly named administrative district of 3018 residents is the eastern-most township in the eastern-most province of Mongolia. Local residents call their town the 'eastern front' (*züün hyazgaar*), underscoring its perceived detachment from the infrastructural networks of the Mongolian state (until 2014, the town received its electricity from China) and its proximity to the Chinese border (which lies roughly 30 km away). No formal road leads to the area, as the lack of traffic would make its paving unprofitable. Yet, the town is surrounded by fertile agricultural land, and thus was built up as the site of a farming and agricultural collective (*sangiin aj ahui* or state farm) from the 1960s through the 1980s. With privatization and the switch to market democracy, however, the Soviet infrastructure fell into decrepitude and was stripped and sold. The major new infrastructural life brought into the town since 1990 has been the arrival of two banks. Strapped for cash, jobs and mobile access to the wider world, the post-Soviet experience in Magtaal has entailed an explosion in loan networks, financial concepts and collateralization in this small town on the Mongolian periphery. Thus, by the time of my fieldwork, being in debt and having *zeel* had become a routine and necessary feature of everyday livelihoods in Magtaal.

The lack of new formal jobs, infrastructure or development in post-1990 Magtaal resulted in new forms of business entrepreneurialism to make economic ends meet. For example, like many Magtaal residents, Toogii (who is 53) was born during the state farm; she became the state farm's photographer when she had reached maturity. After privatization, however, unable to find suitable work, Toogii decided to become an entrepreneur and took up baking to support her family and put her children through college. In this endeavour, she received her first small-business loan in the late 1990s, which helped her launch her bread-baking business. But in 2012, the Mongolian economy underwent an economic slowdown due to a slump in global coal commodity prices. This economic 'crisis' (*hyamral*)[4] was felt in Magtaal (in 2013) through the drying up of cash – the lack of tourists and the dropping value of the tögrög vis-à-vis the yuan meant that cash money was becoming a rarity.[5] Toogii's business return dropped significantly, and she decided to expand her business to navigate the slump. To do this, Toogii put up her flat (including the store in it) as collateral and received a loan in May 2015. Regrettably, a few months later, her husband had a stroke. Strapped for cash for medicine and back interest payments, Toogii got a 'pension loan' (*tsalingiin zeel*): a bank option that collateralized their pension money and allowed Toogii to receive an 'advance' on their pensions. Until the loan was paid off (with interest), Toogii would not receive any new pension payments.

Toogii's mounting bank debt post-1990 is thus the result of a series of crises in her life – a political crisis, an economic crisis and a health crisis – which have been resolved through the further accrual of bank debt. When I ask how she pays off her various loans, she evinces careful calculation – 'I pay the first loan off with the turnover from the store, and the second with our pensions, and if I can't pay off the first loan, I extend the second one to pay off the first.' It sounds exasperating, I tell her, and she responds with an often-heard phrase, 'We are living from loan to loan, paycheck to paycheck' (*zeelees zeeliin hoorond, tsalingaas tsalingiin hoorond*). As seen in other loan studies in diverse regions such as South Africa, Hungary and South India, a feature of debt in low-income settings (like the frontier region of Magtaal) are the intricate calculations, the diverse 'financial portfolios' (Durst 2015), the 'juggling of debts' (Guérin 2014) that drive people 'deeper into a hole' (James 2014a). In Toogii's case, pension loans can often be 'extended' – after a few months of paying back interest, individuals can return to the bank and get another advance on their pension money, further extending the end date of the loan. As a result, Toogii and her husband's livelihoods depend on careful calculation of resources and manoeuvring between sources of capital – she ascertains where her potential sources of money are, collateralizes resources, and moves capital back and forth to maintain her cash flow.

The circuit of formal bank loans

Due to their linkage to the formal financial system, the bank loan process stipulates certain requirements of access. A few months after I first talked to Toogii, I found myself in the kitchen of one of her baking competitors, Chimgee. She had built up a bakery through receiving several low-interest small-business loans, which enabled her to purchase an oven and baking supplies over several trips into China. While she credited her bank loans with the continuation of her shop, she complained that not all citizens have equal access to them:

> So, families move out of the old flats and can sell them for a considerable price. … The only way to get one of them is through a bank loan. Yeah, like my family's flat, even run down, is worth 12 million. And so, do young people have the purchasing ability to get one of

> those? Only people with jobs can get loans. So young people understand this flat problem as part of the economic crisis.

Chimgee's point – that flats can only be purchased through bank loans, which can only be received in return for collateral – illustrates how access to bank *zeel* can vary within the same community. In Magtaal, where the economic slump (and subsequent inflation) has reduced the purchasing power of locals (especially vis-à-vis China), bank loans have become a major source of cash. To buy large-scale items (like flats, automobiles or tuition), residents must collateralize a major source of capital. Since new development (and thus new jobs) has been largely absent from Magtaal since 1990, residents continue to rely on the fragments of Soviet infrastructure. Currently, over 600 local residents remain on the 'government's payroll' (*tösviin ajilchid*) in the military and hospital facilities; elders like Toogii continue to receive pensions from their service in the Soviet collective; and their kids, like Chimgee, frequently inherit the flat blocks that were distributed through privatization. These secure, base forms of value have thus become the foundation on which new economic lives are built through access to large lump sums of money, a rarity in an economically beleaguered frontier area.[6]

Bank *zeel* are thus governed by a formal system that bars some local residents from participation. The entrance of the first official bank into Magtaal in 1998 brought with it a system of expectations on how banking loans should be conducted, distributed and maintained. Although the word 'formal' alludes to an ideal of 'regularity of order, a predictable rhythm and sense of control' (Hart 2006, 21), Empson's (2014) study of how Mongolian concepts of patron–client relationships were reproduced through bank loans indicates that formalization does not preclude ontological, affective integration. Nevertheless, by 'formal', I indicate aspects of the economy that are officially recognized by the state as ideologically governed by finance and the banking system. Guyer (2004, 156), in discussing formalization in the West African context, claims that the 'appearance of paper' like contracts and established scales (e.g. exchange rates) fixes relationships 'usually among several different value scales: the identity of the parties (including those who will enforce the contract in case of default), the kind and quality of the goods and services at issue, the monetary value, and the timing'. Similarly, bank *zeel* are not accessible to all, because they presuppose a system of qualification (e.g. collateral or access to economic value) and a temporal regularity of payment (e.g. interest that must be paid without delay every month) that not all members of the community can meet.

Having bank *zeel*, therefore, is a signifier of one's participation in the formal market economy. Prior to 1990, the Magtaal state farm officially owned all large-scale property, including machinery, animals and land, in the township. Privatization, and the distribution of the state farm's property among the populace in the form of a voucher system, was the first local encounter with the logics of the new market system. Consequently, to this day, local residents associate the contemporary era most strongly with the ability to own property, including the flats that both Toogii and Chimgee have collateralized for bank loans. In fact, Chimgee's chagrin over the local youth's inability to access flats is undergirded by her belief that the ownership of property is a central and key component of the current market democratic era – 'private property is the gift that democracy has given us'.[7] Her previous assertion that flats can only be accessed through bank loans emphasizes the local importance placed on formal bank loans to access and participate in the discourses of property instrumental to the contemporary era. As a result, many Magtaal residents like Toogii and Chimgee were initially (and continue to be) very receptive towards bank loans due to local cultural associations of bank loans with the luxuries of contemporary society and modern market entrepreneurialism. Rather than terminate bank loans, or disparage them, residents continue to open them. And the rigour of monthly, seemingly unceasing bank interest payments has resulted in the rise of 'timely money' (Sneath 2012, 466) services – moneylenders who can provide quick cash for individuals who need to make a bank interest payment right away.

The circuit of informal loans

Even though Magtaal citizens have varying access to bank loans, the logics of (and community economic pressures created by) the formal banking system impact the larger networks of *zeel* that all Magtaal citizens are intertwined in. At the turn of the market democratic era, *zeel* were rhetorically connected to larger systems of giving and sharing based on obligation and expectation among kin and friend networks. In his discussion of Mongolian narratives of corruption between 1999 and 2003, Sneath (2006) coins the term 'enactions' to describe how countryside citizens share and distribute resources, not out of reciprocal self-interest, but out of a desire to enact a social role of obligation – e.g. to be seen as a good community member, friend or brother. Considering its isolated, frontier nature as a community with few citizens, Magtaal residents also use the rhetoric of 'enaction' – of help and obligation – in their discussions of *zeel,* i.e. loaning each other goods and money. But the arrival of bank loans on the scene has not left this discourse undisturbed. After the establishment of formal banks, informal moneylenders appeared in Magtaal who straddle the line between formal and local – they will accept the 'papers' of the formal system, while using the language of 'enactions', of community help and trust, in their dealings. Thus, in this section, I focus on the larger social effects of the formal banking system on local economic relations, on how 'contract-centered, market-oriented economic activity has penetrated the household or community' (James 2014b, 22) through the local activities of and interactions with moneylenders.

The formal and informal as co-constitutive

According to local oral histories, the occupational category of moneylender (*zeeldüülegch*, as opposed to usurer, *hüülegch*) first arrived in Magtaal in the early 2000s, but became a commonplace feature of household calculations during the economic crisis. As we shall see, moneylender activities are highly intertwined with banks and have benefited from the moralities surrounding bank loaning. For example, during my fieldwork, in March 2016, the Mongolian State Parliament banned the accrual of interest in loan contracts (*zeeliin geree*) between citizens and stipulated that only bank interest loans were legal. Two months later, however, the Mongolian Constitutional Court ruled the aforementioned parliamentary decision was unconstitutional because it violated the decree that 'the rights of property owners should be protected by law', per the constitutional guarantee to 'fairly acquire, utilize, own or inherit fixed assets'.[8] In Magtaal, these urban discussions were followed with only mild interest, as most residents felt that these decrees would have little impact on local activities.[9] Nevertheless, thanks to the narratives of rights and property (including money) of the contemporary market democratic era, moneylenders are officially seen as contemporary entrepreneurial citizens. By extension, moneylenders enjoy legal recognition and can be frequented by customers as diverse as police and power players.

Moneylenders' main function is as a source of cash when all other (formal and informal/kinship) avenues have been exhausted. It is in the context of scrambling for sources of money that I first encounter Nergüi, who lives in the flat above a bank. Naran, a regular informant of mine, works as a cleaner in the local government and receives an adequate, if low, monthly salary. To pay her daughter's tuition, Naran collateralized half of her monthly salary for a bank loan, while spending the rest to pay off a bank loan she had inherited from a deceased sister. As a single mother of two children, Naran feels chronically strapped for cash and visits Nergüi when finances get too tight. Like Naran, the majority of Nergüi's clients are local residents who (a) have tied up all their institutional or formal capital in bank loans, or (b) are not institutionally recognized (the unemployed, the poor, individuals who work as resource gatherers) and thus do not qualify for bank loans.

Most commonly, these individuals turn to Nergüi in moments of monetary exigency – for example, when they need to make an impending bank interest payment and/or they need money for food. Nergüi consequently offers two different types of loans – monthly 20%-interest loans with a maximum period of three months, and daily 1%-interest loans with a maximum period of 14 days. The average amount individuals receive, she says, is around USD 260–312. She is flexible regarding collateral, but the most common types she accepts are the ownership deeds to flats (*orider*) and/or any form of social welfare booklet (*halamjiin devter*). Naran, for example, receives USD 21 a month from the government in 'children's money' (*hüühdiin möngö*) for their upkeep, which she collateralizes with Nergüi for her loans. During my visit, I saw over 30 flat deeds and various booklets for disability and children's money – including a booklet for the state welfare one gets for nursing a new-born baby. Once an agreement has been made on collateral and amount, Nergüi has new clients sign in a *Toy Story* school notebook next to their name, amount lent and phone number. When they pay back interest, she writes the amount above the line, with the date in roman numerals, and circles it. Otherwise, the exchange is based on verbal agreement and social understanding.

Nergüi's occupation thus does not exist independently of the formal financial system but is intimately intertwined with it. As a material reification of this fact, Nergüi and her family of four rent the flat above the largest bank in Magtaal. Spatially, it almost feels like an upstairs extension of the bank. And so it was in practice, as visitors would frequent her establishment in tandem with the bank below. For example, one of Nergüi's 'regulars' (*avaad ögööd l baidag,* literally individuals 'who constantly receive [money] and give [collateral]'), receives a loan from Nergüi after his monthly visit to the bank downstairs. According to his social welfare booklet, he is entitled to MNT 140,000 (USD 72) a month from the government. However, a few months back, he found himself without money for food, after having used his welfare payment for other purposes that month. Without another option, this man went to Nergüi with his social welfare booklet and discussed loan possibilities with her. They decided that she would keep his booklet as collateral and give him 100,000 (USD 52) with the understanding that she would be paid 120,000 or USD 62 (20% monthly interest) at the beginning of the next month. Thus, when the next month started and he was once again eligible for his social welfare payment, he returned to her for his booklet, went down to the bank, and then came back upstairs and paid her USD 62. But now he had only USD 10 for food that month, so he gave his booklet to her again, and took out another loan of 100,000 (USD 52). In this way, Nergüi's client truly lives 'from loan to loan'.

In Magtaal, the systems of formal banking and informal lending are co-constitutive and mutually enabling. Regarding post-apartheid South Africa, James (2014a) discusses how consumers commonly have three sources of credit: banks, legal/formal, and illegal/informal. In this case and in Guérin's (2014) South Indian study, debtors commonly 'borrow from the latter [illegal creditors] to pay back the former [legal/bank creditors]' (James 2014a, S21). Similarly, Magtaal moneylending arose to fill a need for quick, timely access to cash when formal avenues were either exhausted or unattainable. Her activities do not exist outside the formal system, but are intimately shaped by them. She uses the language of collateral and interest; is legally protected by the rights of the market; and accepts formal government documents as collateral. In contrast to bank loans, moneylender loans are frequently used for immediate needs (because of their high interest), which includes basic food costs and the payment of bank interest. Without Nergüi, for example, many Magtaal residents most likely would have long since defaulted on their bank interest payments. Finally, the high demand on Nergüi's services lies in her flexibility in contract and service, which provides a complement to the perceived (economic and temporal) rigidity of the banking system.

Moneylenders as translators across registers

The post-1990 transition into the democratic market system saw the emergence of a variety of new entrepreneurial business occupations. The dissolution of the prior centrally planned economy (like the state farm) and the lack of new job opportunities meant that Mongolians were forced to become economically free-floating actors. Some returned to the self-reliant herding subsistence form, and others took to new modes of small-scale entrepreneurialism. Consequently, the market transition resulted in the rise of a new category of business: middlemen, who produce economic value through the buying and selling of goods, money, or both. This transitional moment in Magtaal saw the emergence of e.g. small-scale traders (*naimaachid*), who crossed into China to buy products at low prices and then sell them at higher prices (Lacaze 2010). At this time, pawnshops arose in urban centres – an occupational category that buys goods and sells money (Højer 2012). And 'changers' (*chengüüd*, from the English '[ex]change') also arose in Magtaal – bulkers who buy resources from many sources, bulk it, move it, and resell it at higher prices (Højer 2012; Lacaze 2010, 2012). In her book on the international trade around matsutake mushrooms, Tsing (2015, 62–66) discusses how supply chain capitalism takes advantage of non-capitalist processes (what she calls 'salvage accumulation') and converts or 'translates' it into economic value. In the mushroom supply chain, indigenous knowledge (of where mushrooms could be) or the mushrooms themselves (as a product of nature) indicate moments where non-capitalist elements are incorporated to create economic value. By extension, I argue that Mongolian peddlers, pawnshops and changers are nodal occupational forms that arose with the emergence of supply chains in the post-1990 market moment.[10] New markets emerged after 1990, and supply chains (linked together by these many nodal occupations) were a way of joining these new, disparate markets.[11]

However, markets have different mores, rhythms, temporalities and moralities, and conversion across (geographic, social and formal/informal) distance is needed to link them. On a directly material level, different 'currencies' or needs must be negotiated across disparate markets. In discussing historical West African trading customs, Guyer (2004, 51) describes how traders between groups made profit from 'asymmetrical exchange' or converting in commodity exchanges by linking disjunctive value registers – 'When one scale is not exactly reducible to the terms of another, a margin for gain lies in the negotiation of situational matching.' However, as Tsing's (2015) mushrooms allude, this idea of conversation may not be purely material, but social (or horizontal and vertical, respectively). In her description of the social effects of economic austerity policy on the shipyard workers of the Indian Hooghly River, Bear discusses how the new temporalities, concepts of productivity and ethics of austerity conflicted with the social moralities and lifeworlds of workers, engendering 'grids of conversion between divergent forms of value and their associated social relations' (179). By extension, I argue that moneylenders 'translate' or convert among different registers – in this case, the (economic and temporal) expectations of bank loans, and the socially embedded economic transfers between kin and community members. They make a profit by charging for the asymmetry (i.e. the service of closing the gap between mismatching temporalities, needs, regulations, etc.) in the exchange. Although this act of 'translation' serves to keep markets and registers nominally separate, Tsing argues that 'lives and products move back and forth between noncapitalist and capitalist forms [which] shape each other and interpenetrate' (65). Similarly, through moneylenders, the logics and habits of banking finance and local social mores become intertwined.

Collateralizing the social

Successful local moneylenders combine knowledge of the financial and social landscape to turn a profit. Magtaal moneylenders combine two traits that enable them to offer loans: a source of liquidity, and knowledge of the social landscape. Many local moneylenders are the wives of men in high-level military or bureaucratic positions – they have financial capital from a high salary, and social capital from high local visibility. Nergüi's story is slightly different, although she also combines these two aspects. Nergüi herself is not from Magtaal, but she moved there three years ago when she married Davaa. Davaa works for a local administration and was born and raised in the area, but met his wife while working in the closest urban centre for several years. Nergüi and Davaa have several children, but one of them was struck with a serious illness and became disabled. They negotiated this situation by moving from the urban centre to Davaa's countryside home, Magtaal, where life was less stressful and polluted for their child. But they received only USD 32 a month in disability from the government, which meant that Nergüi had to find a way to take care of their child and also work. Her older siblings, who work in a giant department store in the closest urban centre, suggested that Nergüi participate locally in their family business. Her siblings, as individuals well placed to work with customers who wanted loans for department store consumer items, had started a small business 'freeing up loans' (*zeel chölööloh*, see intro) in the closest urban centre. Nergüi and her siblings thus formed a lending business that bridged locations – her siblings would earn money through 'loan freeing' and give Nergüi the surplus to distribute out to individuals to accrue interest over time. When her siblings needed large sums of money for a particularly big loan, they would ask Nergüi to freeze new loans, collecting the incoming money to be sent to the siblings for the loan job. Through her husband, as a local, and her siblings, as 'money liberators' (*zeel chöölögchid*), Nergüi had both a wellspring of money and intimate knowledge of the local social world. As a result, she forms a node in a larger currency network between customers in the urban centre and Magtaal who are, unbeknownst to them, connected in a chain of money.

Despite the lack of formal paperwork, Nergüi claims that none of her clients have failed to pay her back. She chalks this up to her and her husband's ability to discern who is a reliable, trustworthy client (*naidvartai hariltsagch*).[12] When describing the countryside effects of the 'regime of debt', Sneath (2012) mentions that when rural economies become fuelled by credit, 'creditworthiness becomes of critical importance' (467) because shopkeepers and other local businesses will sell goods on informal credit to local residents they know, like and 'trust'. Nergüi works on a similar principle: she only gives out loans to individuals who are *naidvartai,* and the more trustworthy/creditworthy they are, the better the deal she gives them. When a new person comes to her, she will ask her husband about their family relations, social history with other local people, and connections. If they deem the person well-connected, socially embedded (so that they e.g. wouldn't be likely to run away without paying)[13] and with a hypothetical source of cash, they will give them a loan. Once, for example, a very well-respected individual, the director of a local institution, came to her requesting a loan for a friend's wedding. The director's friend was a herder with over 1000 heads of livestock – a *myangat malchin* – but the recent drought in the area had meant that animals were temporarily selling for less than habitual price. Because the money was needed now for an immediate wedding, the director pleaded with Nergüi to loan them 5 million tögrög[14] (4 million over her accustomed maximum amount). Because, as she said, a 'local leader' came pleading, she not only gave out the larger sum, but didn't request any collateral (*sumyn udirdlaga guisan uchraas bairtsaagüi ögsön*). The entire transaction was based on social trust and reputation. Similarly, one of my research informants was the owner of the flat Nergüi's family lived in. Consequently, she would not make the owner's family provide collateral for their various loans, citing social trust and a desire for positive local relationships. In this way, Nergüi will waive collateral and give discounts and flexible terms for the *naidvartai* – people who come to her frequently, are considered respected local people and/or are socially linked to her in some capacity.

Interest-accruing 'help'

As a frontier region with a struggling economy, Magtaal citizens share a moral rhetoric of 'help'. In his discussion of *enactions* – the many 'transfers of goods and assistance … [that can be] viewed as materialisations of various types of social relations' – Sneath (2006, 90) quotes a herder who claims, 'We all try to help each other as much as we can because there are only a few people with government jobs.' By extension, Sneath emphasizes that enactions are not transactional; they are perceived as people (commonly in the countryside) helping each other, giving gifts and resources out of a desire for positive social relationships. But as the debt regime took hold, Sneath (2012, 460) mentions, 'Relations of mutual help became entangled in monetised logics, and since many people now needed cash, the most common requests for help became appeals to borrow money.' True to Sneath's observation, loaning money (*zeeldüüleh*) between friends and family has become a major form of community help in Magtaal as an area low on cash. Consequently, Magtaal moneylenders participate in this discourse of help – Nergüi, for example, stresses that she is providing a support service for the local people. In her own words, the reason people pay back without fail is that she helped them out in a time of need, and thus, out of gratitude, they pay back (*heregtei üyed tusalsan uchraas butsaagaad ögdög*).

Moneylenders thus frequently combine the language of social help common to 'enactions' in their transactional business with local residents. Terbish, for example, is one of the aforementioned government men, whose wife gives out loans to local residents using his salary. Uncannily similar to Nergüi in his business setup, Terbish is also not from Magtaal originally – he was also raised in an urban centre and sources his money from there – but married a local resident, who tells him who to trust and the reputation of the individual requesting money. Terbish and his wife started his business by taking out a salary loan from the bank at 1.9% interest and distributing the money for 15% interest. After this became successful, he sourced more money from a friend in his home urban centre who is a changer of cars (car dealer) and thus has high cash turnover. Entangled in a network of cash and goods, Terbish justifies the use of interest – both when collecting from clients and in payment to his friend in the urban location – in terms of 'help' (*tuslamj*, *tus*):

> I also get loans from my friend [in the urban centre] with interest. I pay interest back to him, because he is also taking loans from banks. And if the banks made loans without interest, then it wouldn't matter and I'd pay him back without interest. But instead, if you need money and ask me for it and I go to the bank and get a loan and give it to you, you need to pay me back with the interest. It's like a form of help, so that you don't hurt me and my family. I don't want to suffer because I have helped you [*tusalsnyhaa tölöö hohirch bolohgüi biz dee*].

In an economy with high formal bank debt load where friends and family appeal to each other for help (increasingly in terms of cash), those who help, themselves low on cash, frequently must go to the bank to get a loan, to help the appealer. In this case, Terbish recounts, his friend gets low-interest bank loans (between 1.5% and 1.9% annual interest), which he loans to Terbish at 3% interest, which Terbish loans out at 15% interest. Despite the extractive nature, Nergüi and Terbish successfully mobilize the language of community help (*enacting* a good community member) to justify this business – for example, Terbish, through the cloak of his wife, constructs the payment of interest as a moral choice, because one would not want to hurt the family of someone in the community. In this way, the downward economic pressure created by formal bank loans seeps into the moral standards of behaviour for community members engaging in informal lending.

The moral evaluation of moneylenders

Moneylenders walk a moral tightrope between their social obligations as township members and the instrumentality of business. For example, local residents most commonly refer to Nergüi and Terbish as 'moneylenders' (*zeeldüülegch*, literally 'individuals who give out *zeel*'), in contrast to the negatively connoted 'usurer' (*hüülegch*, literally 'individuals who charge interest'). According to Magtaal residents, the difference between these terms lies in the level of sociality and instrumentality of the lender – by focusing on the 'loans' and not on the 'interest', sociality, as opposed to instrumentality, is emphasized. Similarly, Sneath (2006, 95) notes that the same action – giving a gift after a favour – can be seen as either a sign of gratitude or an act of corruption, depending on the perspective. Accordingly, he continues, the economic transfers in Mongolia fall along an 'ethical spectrum':

> Giving help to friends and relations … lies at one end of an ethical spectrum, close to the most honourable instances of … gift-giving. However, the more instrumental, conditional and impersonal such gifts are seen to be, the more they move towards the negative end of the spectrum [as inducements]. At the far end of the moral continuum are the law-breaking big cash deals [of corruption].

This moral navigation between social embeddedness and commodified instrumentality is negotiated in Højer's (2012, 46) study of pawnbrokers, where 'the more things appear as cynical exploitative business, the more spirit-like – i.e. loaded with emotions, morality and agency – they seem to become'. In Magtaal, a moneylender's business is thus morally evaluated based on how socially (as opposed to purely financially) generative it is perceived to be.

However, this perspective is the prerogative of the perceiver. Terbish (and Nergüi) appropriate this ethical spectrum when they deliberate how 'creditworthy' (*naidvartai* or *itgeltei*) someone is. For example, Terbish wrote down the following 'loan spectrum' in my notebook:

> If you give money to family members, it is assistance [*tuslamj*], unless they call it a loan (*zeel*), which is paid without interest; between friends, no interest, but if over USD 400, then give with low interest; between strangers, if they are trustworthy [*itgej baidag*], high interest, no collateral; if you don't trust [*itgehgüi*] them, high interest with collateral.

He thus frames his own business on this spectrum between social help and profit instrumentality and justifies its more exploitative aspects through the rhetoric of 'trust' (or lack thereof).[15] However, the aptness of this discourse of community-integratedness and trust is locally debated. An informant, whose flat deed has been in Terbish's cabinet for some time, does not agree with Terbish's discourse, nor with the government's decision to view moneylenders as entrepreneurial individuals. Motioning to the goods in her store, she exclaims, 'If I pay taxes on this, why shouldn't they?' To her, the government's decision (as well as Terbish's rhetoric) frames moneylenders as average, locally embedded citizens with entrepreneurial tendencies, instead of professionals operating highly lucrative (and extractive) business. Since the recognition of moneylending as objective, transactional business might open it to formal taxation and regulation, Magtaal moneylenders prefer to emphasize their lending as a social, flexible, moral activity – a form of help.

In short, the social inflections and regulations involved in Magtaal moneylending allow it to largely escape moral opprobrium. The remote and isolated nature of the township means that social reputation is crucial. As a result, both lenders and debtors are careful not to become excessive in their behaviour, lest it hurt their reputation. Terbish, for example, does not use force to chase down debts, but relies on the discourse of 'help' – e.g. 'I helped you, so you help me' – to elicit interest payments from borrowers. And although both Nergüi and Terbish accept formal papers (like flat deeds and welfare booklets) as collateral, these forms have more symbolic/social power than legal/formal power. The actual process of, for example, transferring the ownership of a flat because of extra-contractual debts would be a protracted legal process that neither Nergüi nor Terbish has embarked on. Rather, they hold on to the deeds, sometimes for years, which results in accumulating social pressure for the debtor, because flat ownership affects the entire family (and not just the individual debtor). In this way, they have (so far rather successfully) relied on the power of community social reputation to distribute and call in debts. As long as the moneylending is not considered excessive – in interest, force or amount – and is flexible and socially modulated, it can be considered a form of social help, an enaction. As a result, despite individual grudges, the activities of moneylenders are largely acknowledged, accepted and condoned due to refraction through local concepts of community morality.

Conclusion: salvaging the social

Magtaal, a small frontier community, is veritably living from loan to loan. As a township built up through the Soviet state farm, the post-1990 moment has been marked by the dissolution of old structures, a lack of new job opportunities, inflating currency and an overreliance on entrepreneurial business with China – leading, all together, to a lack of cash money. Credit provides a temporary solution, and loans (from banks and later moneylenders) have become the major source of cash money. Yet, the formal rigours of bank debt – the need for collateral, the contractual nature, the monthly payments – are frequently out of step with the realities of local livelihoods. Moneylending fills this gap – debtors can go to moneylenders immediately and get flexible, socially modulated terms. A moneylender is not a formal bank – as a community member, they can be called on 24/7, they can be negotiated with, and they will accept many forms of collateral to suit the debtor's situation. Residents commonly get bank loans, the interest on which is paid by moneylending loans, the interest on which is paid by bank loans (or through borrowing money from friends, who also get interest-accruing loans). In this way, a limited pool of cash money is being circulated around Magtaal, temporarily paying off residents' debts as it moves, yet pushing the debt burden of the township into the unforeseen future.

Returning to the definition of financialization in the introduction, mechanisms of debt finance hold increasing importance for the livelihoods of Magtaal citizens, as social life is reformulating to accommodate the township's debt burden. Formal debt mechanisms were incorporated into Magtaal under the rubric of entrepreneurialism in the market economy and discourses surrounding the post-Soviet right to property. Thus, in moments of crisis, residents have stacked debts upon debts, instead of questioning the preponderance and importance of debt. Understandably, this situation has become formally untenable for many Magtaal residents. Various forms of economic and social value are consequently being mobilized to create surplus wealth to pay off bank interest. Højer (2012, 46) notes that Mongolian pawnbrokers (and the changers who buy the objects from them) not only move goods, but 'also change the object in question from a possession to a commodity. … They do ontological business.' By incorporating various aspects of local social value into their calculations, moneylenders also do 'ontological business'; they can convert social value into financial value. Moneylenders are thus 'translating' and 'converting' (Bear et al. 2015) between the various temporalities, obligations, values and expectations of financial/formal/bank and social/informal/community registers of debt. This does not leave local social mores untouched – concepts of finance like interest and collateral have interpenetrated with local moral registers in the form of community help and assistance. What this case study hopes to depict is that the 'regime of debt' as instigated through formal bank debt, without the provisioning of new forms of jobs and infrastructure, has resulted in a frontier economy that is veritably extracting ('salvaging') economic value from its social community (its social infrastructure, if you will) to accommodate the formal bank debt burden.

Notes

1. MNT 1 = USD 0.00052 as of May 2015 (www.xe.com).
2. The name of the location has been changed to protect the identity of the residents.
3. Although it is acknowledged that these debts are de facto not always paid back and can remain open-ended for years; see Pedersen (2012, 2016).
4. As declared by the Mongolian government (Bonilla 2016).
5. The remote location of Magtaal and its proximity to the border means that residents more cheaply and conveniently buy their consumption goods from the Chinese city on the other side of the border (approx. 60 km away), than by travelling the 360 km on unpaved roads to the province centre of Choibalsan. The economic crisis meant that Magtaal residents suddenly had to spend more to buy their consumption items – either because their currency had lost value in China, or because they now had to spend more to travel to Choibalsan to buy goods at higher prices. Either way, local prices skyrocketed as more currency was needed to maintain standards of living. Excess cash was thus perceived as non-existent.
6. The reader must certainly wonder whether all these debts are always being paid if there are so many. In 2016, the director of one of the local banks told me that two to three people a year had defaulted on their loans since 2012. She then mentioned, though, that the legal process takes so long that individuals can usually marshal money to pay back in the meantime. My homestay father was about to default on a loan; he reacted by selling his flat (to pay the loan) and moving his family into a house in his mother's compound. In this way, community relations, monies and mobility are marshalled and mobilized to pay off loans (a process which the moneylenders are a part of). At the moment, the default rate stays low, but this might change if the economic burden becomes unabsorbable by the community.
7. Chimgee, and many Magtaal citizens, rarely distinguish between the 'market' (*zah zeel*) and 'democracy' (*ardchilal*), which arrived simultaneously; it is perceived as a compound.
8. The Constitutional Court's decision can be found on the Mongolian government's legal website at http://www.legalinfo.mn/law/details/11954?lawid=11954.
9. But not all residents agreed with the decision– see the section 'The Moral Evaluation of Moneylenders'.
10. Although not necessarily historically novel. See e.g. Schlesinger (2017) on Mongolian mushroom commodity chains in the eighteenth and nineteenth centuries.
11. In the Magtaal case, markets emerged between Magtaal and the cross-border Chinese city, and the movement of peddlers and exchangers created bridges between these markets.
12. In writing about concepts of trust among the Barga Mongols in Inner Mongolia, China, Haas (2016, 94) says that the terms *itgeltei* and *naidvartai* can be both translated as 'trustworthy' and that both 'designate people who are deemed to be morally upright or otherwise capable and bound to perform specific tasks'. Although she goes on to distinguish between the two – *itgeltei* refers to morality and *naidvartai* more specifically to character traits – the moneylenders in this study did not distinguish between these two terms. Nergüi and Terbish used the two terms interchangeable to describe the 'creditworthiness' of a person, which combined both moral and behavioural assumptions.
13. Another local who dabbled in moneylending quit her business because she had lent out a substantial amount of money to an individual, who, being unable to pay back, fled to Ulaanbaatar. Pedersen (2016, 4) makes the argument that the neoliberal urban landscape of Ulaanbaatar

has encouraged 'generalized debt' – individuals consistently accept loans from one another, rarely paying them back in full, and move around the city freely, opening and closing various debts with one another. While widespread debt is certainly a feature in Magtaal, as everyone opens up relations to everyone and moves money around, these debts are commonly honoured and paid back. In contrast to Ulaanbaatar, Magtaal is a small township, where all members are intertwined in almost daily interactions. The social regulator of reputation puts a check on the excessive behaviour of both moneylenders and debtors – both fear social reprisal for perceived unreliable/antisocial behaviour. It has happened, as mentioned, that people flee to avoid debt. Although, to do so is a drastic step – residents who flee to avoid debt permanently break off all contact with Magtaal.

14. Around USD 2600.
15. The 'ethical spectrum' is not absolute but a matter of the perspective of the viewer and thus can be used to either condone or vilify the activities of moneylenders. For example, Højer discusses how pawnbrokers, aware of the exploitative connotations of their work, strive to remove spirit-like elements and moral opprobrium by appealing to objectivity (calling it 'just business'). In contrast, Magtaal moneylenders strive to move away from discourses of objective business (which open them up to taxation and accusations of exploitation) and instead frame their activities in terms of social moralities. I believe this would be different (and similar to the pawnbrokers mentioned) among moneylenders in a more 'alienated' sphere like the urban context of Ulaanbaatar, in which formality grants greater legitimacy.

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