

SDC 2019 Annual Meeting Abstracts

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Title: Urban-Rural Inequality in Mongolia: Economic vs. Subjective Divides



It is widely documented that regional – particularly urban-rural – inequality has risen during economic transition in the formerly-socialist countries of Asia. An obvious concern associated with urban-rural inequality is the economic distress placed upon rural authorities and especially rural families. We seek to understand determinates of household economic stress and subjective poverty in Mongolia. Asia Barometer household-level data used here indicate an urban-rural income divide in Mongolia that is comparable to that found in China. However data employed here also allow for comparisons of subjective economic well-being and subjective views of social status. We find the Mongolian data indicate an urban-rural divide in subjective economic well-being that was commensurate with the income divide in 2002 and 2014 vis-à-vis the capital city. However, in 2006 and 2010 surveys, while actual urban-rural income inequality was comparable to 2002, a substantial shift occurred in other aspects of economic well-being including subjective economic status. Our study focuses on the 2006 shift with particular attention to the role of livestock ownership on objective and subjective economic well-being of Mongolian families. The results provide strong evidence that livestock ownership is a critical element of household well-being and poverty alleviation in an agricultural society where land ownership is quite rare and the rural population mostly nomadic.