

CONTENTS

DeFacto **ARTICLE**

*Jargalsaikhan Dambadarjaa,
Mongolian political and economic
observer, columnist*

MARXISM AND THE FREE MARKET



II PAGE



DeFacto **INTERVIEW**

STEVEN FISH
POLITICAL SCIENCE PROFESSOR
AT THE UNIVERSITY OF
CALIFORNIA, BERKELEY

IF HE WERE TO LEAVE THE SCENE, RUSSIA WOULD HAVE MAJOR PROBLEMS IN TERMS OF STABILITY

IV PAGE

DeFacto **REVIEW**

➤ PRIME MINISTER'S VISIT TO JAPAN

➤ ERDENES TAVAN TOLGOI IPO

➤ 4 MILLION USD CASE

VIII PAGE

**JARGALSAIKHAN Dambadarjaa**

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MARXISM AND THE FREE MARKET



It is the 200th birthday of Karl Marx this year. Marking this occasion, Professor O. Tserenchimed from the National Academy of Governance has published Dietmar Dath's book 'Karl Marx', having translated it from German to Mongolian. On 5 December, I had an opportunity facilitate an interesting discussion organized with the initiative by Stefan Duppel Hermann, Ambassador of the Federal Republic of Germany to Mongolia. A large group, including the translator of the book, scholars, and current and former state officials took part in this discussion.

Given nearly 70 years of Mongolian history are directly connected to the theories of Karl Marx, the discussion focused on what his key ideologies were, why countries who followed the theories ended up collapsing, and how it reflects on resolving challenges faced around the world today.

THE SPECTRE OF COMMUNISM

The Communist Manifesto written by Karl Marx and Friedrich Engels and published in London in 1848 starts with the sentence "A spectre is haunting Europe — the spectre of communism." The manifesto, which is said to be the most influential political doctrine, reads "The history of all hitherto existing society is the history of class struggles" and capitalism will eventually be replaced by communism. Twenty years later, Marx wrote in his famous work 'Capital' that, in a capitalist society, the class struggle would occur between the working class (the proletariat) who must sell their own labour power and the capitalists (the bourgeoisie) who owns the means of production. He then elaborates that this struggle would take place until such time as the means of production are owned by all, instead of individuals or a part of the group. At that stage, the next society – communism – would be formed.

In 1917, Lenin started leading the work to put this theory into practice in Russia. It resulted in Russia's Bolsheviks shooting their king to death, setting a

working-class dictatorship led by the Communist Party, removing private ownership and putting everything under public ownership, and outing all farming land under one cooperative management. Then it did not take long before Russia suffered a large-scale famine. Fast forward to post World War II, communism spread to many countries in Eastern Europe and Asia.

In the late 1980's the economies and the governments of socialist states collapsed, leading to a mass exodus of individuals to the West. The Communism experiment claimed the lives of around a 100 million people worldwide, 65 million in China, 25 million in the Soviet Union and 40,000 in Mongolia.

It does not work when the means of production is forcefully taken over from capitalists and put under public ownership. History has proven that the development of any country cannot be fathomed without private property and the free market. Communism really is a horrifying spectre. ►►

► INTERNAL CONFLICT WITHIN CAPITALISM

Despite the collapse of the communist system, certain countries still hold on to the ideology of building a society based on public ownership and working class unions. The experiment is still ongoing in nearly a dozen countries, including North Korea, Cuba, and Venezuela. Millions of people are living without freedom of speech and suffering from poverty, powerless before dictators.

The class struggle between the owners of the means of production and the working class who sell their labour power, elaborated by Marx, looks set to escalate in the 21st century. A 2016 report by the Economist magazine said that more than half of the youth in the United States do not support capitalism. Poverty levels are not going down while the gap in income keeps expanding in society. It has recently materialised in the yellow vest movement taking place in France. Even after the government withdrew its decision to increase fuel prices, the movement is still expanding and demanding that President Macron step down. The protesters are opposing the increasing cost of living, growing poverty in the lower levels of society, expanding government expenditure, and higher tax rates. It has been reported that 75 per cent of French people support the movement.

With no option other than taking action, President Macron is increasing the minimum wage by 100 euros starting from 2019.

French economist Thomas Piketty's book 'Capital in the 21st century' has been gaining popularity. He studied global data from the last 300 years and provided evidence that income inequality is growing and the class struggle coined by Marx is truly happening. Piketty proposes a higher tax for the wealthiest, which, given the rise of inequality, is deemed natural. France currently imposes over 50 per cent tax on high income, which resulted in the wealthy obtaining citizenship from other countries and investing in low-tax jurisdictions.

In order to reduce the consequences of income inequality and ensure an equal starting point for everyone, Germany has made education free at all levels, which offers an equal opportunity of success for children from poorer families. When babies are born with vitamin deficiency, it impacts on their mental and physical development. Therefore, some Western countries have started providing vitamins to pregnant women for free.

FIXING CAPITALISM YET AGAIN

Capitalism is a free market system, which has created the most value throughout history, delivering greater improvements in people's livelihoods compared to other systems. With the birth of the democratic system, political and economic freedom became available to the largest population ever in history.

The existence of this system is dependent on a free market based on private ownership and free competition. The role of government here is to safeguard people's rights and freedoms, ensure their safety, and protect the security of their property. The system goes into decline when people stop trusting the free market and

when there is no free competition. Throughout history, fixes were made to the system following overexpansion of the role of government and the weakening of free competition. An example would be the reforms led by Margaret Thatcher in Britain and by Ronald Reagan in the United States in the 1980s.

This time the Economist (November 15, 2018. p.13) proposes that capitalism should be fixed under three directions to revive the market. The first direction focuses on ensuring clients who are using technology have the right to decide who can use their personal information, and making sure protection of intellectual property also gives incentives for new creations. The second direction is abandoning the government requirements for special permits that came into existence through lobbyists, professional licenses, and other requirements that are not related to competition. Today 20 per cent of the U.S. workforce have special permits, while the percentage stood at only five per cent in 1950. The third direction focuses on amending legislation against monopolies to ensure it is aligned with the 21st century trends and circumstances, which includes stopping any company from harming consumer rights by abusing their monopoly.

2018.12.13 ■



**STEVEN FISH**

POLITICAL SCIENCE PROFESSOR
AT THE UNIVERSITY OF
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IF HE WERE TO LEAVE THE SCENE, RUSSIA WOULD HAVE MAJOR PROBLEMS IN TERMS OF STABILITY

M. Steven Fish is a comparative political scientist who studies democracy and regime change in developing and post communist countries, religion and politics, and constitutional systems and national legislatures. He is the author of Are Muslims Distinctive? A Look at the Evidence (Oxford, 2011), which was selected for Choice's Outstanding Academic Titles, 2012: Top 25 Books. He is also author of Democracy Derailed in Russia: The Failure of Open Politics (Cambridge, 2005), which was the recipient of the Best Book Award of 2006, presented by the Comparative Democratization Section of the American Political Science Association, and Democracy from Scratch: Opposition and Regime in the New Russian Revolution (Princeton, 1995). He is coauthor of The Handbook of National Legislatures: A Global Survey (Cambridge, 2009) and Post communism and the Theory of Democracy (Princeton, 2001). He served as a Senior Fulbright Fellow and Visiting Professor at the Airlangga University, Surabaya, Indonesia, in 2007 and at the European University at St. Petersburg, St. Petersburg, Russia, in 2000-2001. In 2005, he was the recipient of the Distinguished Social Sciences Teaching Award of the Colleges of Letters and Science, University of California-Berkeley.

Jargal Defacto: Tell us about your travels to Mongolia.

Steven Fish: I was first here in December of 1997 and I returned 15 years later, in February of 2012 so this is my first time when it wasn't -40 C.

JD: What has changed in Mongolia over the last 20 years?

SF: It is a completely different country of course than years ago. When I came here 20 years ago, there was a real spirit of democracy, trying to make the country's way in the world and to lift Mongolia up. But the economy was wrecked with the disruption of trade relations with the Soviet Union. Of course, the Mongolian economy was entirely dependent on the Soviet Union and its dissolution really left the Mongolian economy in bad shape. The Mongolian economy ran according to the command administered model that did not work very well. What I see now is a completely transformed country, the economy is in much better shape than it was right now, but the demographic changes are really obvious as well. Ulaanbaatar, when I was first here in 1997 was about 40% of the population of Mongolia but today, as I understand it, it is over half of the population. This massive movement into the city has made a big difference as well.

JD: How do you see the relationship between civil society and democracy?

SF: Civil society, it appears, is a very important aspect of democracy. Perhaps more accurately, a prerequisite for a strong democracy. Countries like Russia really didn't ever have a strong civil society and I am convinced that is one of the reasons they didn't achieve democracy. When I went to Russia in the early 1990s to do work on my dissertation, I was there to study democratization, democratic movement and anti-authoritarian movements, I noted that they just weren't that strong or large. In Mongolia, it seemed that a larger portion of the population mobilized for political change and was more interested in keeping the government more accountable. The Yeltsin government, in Russia, turned out to be a disaster and yet people didn't really protest vigorously.

JD: How does Russia, a country with higher social indicators lack a vibrant civil society?

SF: Why Russians are so poorly organized and demand so little from the government is a mystery. According to socio-economic modernization theories of democracy and civil society, one would expect Russia to have a rich, dense civil society but it doesn't and it didn't even in the

days when it was possible to build such a civil society. There is a long tradition in Russia of relative passivity in the face of power. Mongolians, similarly, did not have a tradition of democracy going into the 90s but built their own system of democracy, very much with a Mongolian face. I should say Mongolian democracy is very Mongolian, it does not look like anything we have in the west. Just like Korean, Ghanaian or South African democracy, it is very specific to the country it is in and Mongolians have adopted democratic institutions to their circumstances and built the system themselves.

JD: There is little demand for transparency despite the secrecy of party financing. Is this connected to the strength of democracy?

SF: It could be. It is absolutely crucial that people understand where political parties are getting their money from. This is a big problem in the United States too but it is important to remember that in early stages of democracy, people usually don't know that and have to push for information on how their political parties are run and financed. In the United States, we just got major reform on that issue in the last couple of decades and we had democracy for almost a quarter of a millennium. In order to get people interested enough to protest for and to vote according to the issue of transparency and party financing, it is important for elites to show people how having non-transparent financing hurts them and the ability of politicians to translate voter preferences into public policy. Largely it is about corruption, ordinary people understand how bad corruption can be so educators have to make the case there is a link between corruption and political party financing.

JD: How do you see the role of social media in an emerging democracy like Mongolia?

SF: I think the most important thing in democracy is that social media remain open. Social media can be used for good or ill – it can be used to promote authoritarianism or democracy, ideas that are consistent with racism or xenophobia or values that are consistent with democracy, it is just a medium. In Russia already, social media is closing down and as you probably know in China it is very much government controlled and monitored right now. In Russia, people's accounts on social media are being monitored increasingly by the government and it has taken over companies that control major social media.

JD: They are also working with the youth to support a one-party state.

SF: Russia right now, which is moving towards

very heavy-handed authoritarianism that indeed is happening right now. It is important to remember that even though one sees a lot of corruption in a democracy like Mongolia because it is reported in the media with politicians from one party trying to expose the corruption of the other, it does not mean that there is no corruption in authoritarian states. In fact, in Russia, there is far worse corruption than there is in Mongolia, it is just that people don't hear about it. When one party controls everything and there is no ability on the part of government to monitor the executive branch what you get is corruption that is completely out of control. I think some people make the mistake of thinking that since we hear a lot about corruption, if we just had a strong executive power and dictatorship like they have in Russia, this would solve the problem. It does not solve the problem; it makes it much worse.

JD: How do you see China's anti-corruption drive?

SF: For the most part, President Xi Jinping has not pursued an anti-corruption campaign against his own political allies. The only victims of his anti-corruption campaigns are potential rivals to him or people who work for him. This is not a genuine anti-corruption campaign, this is a campaign to consolidate power and to create the impression among ordinary Chinese that he is dedicated to fighting corruption because he knows that the people are realizing that the Communist party has become almost as corrupt as Putin's regime. He is undertaking these policies in order to strengthen his own hand in government and it is not a sign that corruption is declining in China.

JD: How long can this current Chinese regime last?

SF: It is interesting because the Chinese Communist Party seems to have reached a high level of what one might call authoritarian modernization when it instituted rules after Deng Xiaoping left power that provided for a peaceful transfer of power. An informal set of rules that gave every leader in China 5 – 10 years in power. This actually worked really well and solved the biggest source of instability in authoritarian regimes which is leadership succession. It depersonalized the system, strengthened the Communist party as a whole and added some predictability to succession. Now, with Xi Jinping is consolidating power in his own person, personalizing power much the same as the way it was during Mao Zedong, that aspect of the modernization off the authoritarian system has been reversed which goes to the question of whether authoritarian regimes can ever not be personalistic. Even the ones that have strong communist party organizations and pretend

not to be personalist, ultimately they degenerate into personalism. It happened in the Soviet Union with Stalin and it is happening in China under President Xi Jinping as well.

JD: Personalization creates a cult and a cult is something that comes to an end sooner or later.

SF: It also creates a great deal of instability because people don't know what is going to happen after President Xi Jinping dies. If President Putin died, and Russia is far more personalized than China is right now, no one knows what would happen tomorrow. It is impossible to tell; Putin is the person that holds the whole system together. He keeps the oligarchs in line, manages policy and without him, Russia could fall apart. This is precisely the image he wants to promote, make himself look less dispensable so everyone will rally around him. However, this is a source of great weakness.

JD: Do you believe these personalist regimes will bring instability?

SF: It certainly will bring instability; I have no doubt about that. When Stalin died, there was a big power struggle in the Soviet Union, there will be a power struggle in Russia for sure, but at least after Stalin died, there was a communist party that had an ideology, a coherent set of principles and agencies which doesn't exist in Russia now under Putin. There is just the state apparatus, which can be loyal to anyone, there is no ideology or set of principles, there is just Putin and whatever he wants to do today. If he were to leave the scene, Russia would have major problems in terms of stability.

JD: Is it the same situation in Kazakhstan?

SF: The same situation in Kazakhstan as it is in Russia. The whole system revolves around one guy who has so relatively smart and not so smart technocrats around him, just like in Russia. It is possible that he could manage a succession, like happened in Uzbekistan. It is not perhaps quite as unstable as Russia because one could actually see possible successors to Nazarbayev in Kazakhstan. In Russia, no one has any idea who would succeed Putin and Putin does not want anybody to know.

JD: I don't think there will be any issues with Putin finishing his term. What is the most likely scenario in Russia when Putin's term finishes?

SF: It could be a problem because he is just a mortal person, he could drop dead of a heart attack or accident tomorrow so it really is a problem. The fact that his health is good means that he will probably last a long time but he might not and everybody in the country knows it. The

entire elite know that their fortunes and the stability of the country depends on one man. Even if his health is good, this is still potentially a source of instability. What will happen when Putin goes is anybody's guess. I would guess that there will be a big fight among the top officials around him for control of the rents, all the resource rents that they all live off.

It probably won't become clear who is coming to the top for quite some time because no one has any mass public appeal other than Putin, Putin has made it that way. He is the only one in Russia who is allowed to be a politician. In a country like Mongolia, you could lose the Prime Minister or President and things would go smoothly. Business interests know that, ordinary people know that and this lends a lot of stability to the Mongolian political system.

JD: Should it be necessary; we can go on without any of them.

SF: Absolutely, that is the strength of democracy. The institutions are strong enough that you can do without any given one person and this is a great source of strength.

JD: What are the expectations of the meeting between President Putin and President Trump?

SF: It is still not clear why President Trump is so eager to meet President Putin, they don't have any major arms control or economic agendas to talk about. Trump wants to meet Mr. Putin without any of his staff around for hours. There is a rising suspicion in the US that Trump is really working for Putin right now in one way or another. The fact is that there is very little evidence against this notion. Everything Trump has done in foreign policy and some measures in domestic policy have advanced Russia's interests.

JD: Why would it be like this?

SF: It is absolutely bizarre. We do know that Trump cares only about himself and there is no hint of interest in American foreign policy, its status in the world. We also know that Russian money has pulled him out of the abyss of bankruptcy several times and that the Russian government has been working on him for some time pushing him towards its own ideas and this goes back to Soviet times. This is just a part of what the Russian government does, it is a part of their foreign intelligence and spying operations. It's sensible, a lot of countries do this, I am sure the US does it. However, for Putin, they could have never dreamed of someone working for their interests in the White House.

Everything Trump has done, trying to demolish the Western alliance, get sanctions against Russia lifted despite no change in circumstances, the fact that the one issue that he is politically consistent on is his loyalty to Putin smells bad to many of us.

JD: Do you believe he still has the support of business interests?

SF: Businesses are usually going to support the Republican candidate whoever it is, but it is important to remember that businesses are divided in the US. Where I live, in San Francisco, most businesses are what we call high capital, they are high tech, very global and they tend to support Democrats. Old fashioned manufacturing interests tend to support Republicans.

Trump is now undertaking policies that are so ruinous to businesses, the ridiculous tariffs that he is imposing on China, Europe and all our trading partners around the world is raising alarms in the business community. I think he is starting to lose a lot of support in the business community even though they tend to support Republicans.

JD: Who has more leverage in the trade war?

SF: It is hard to say. The country that is running the trade deficit usually has a little more leverage but the fact is that the American and Chinese economies are completely interlocked. We benefit just as much as we give in the relationship with China.

JD: Certain industries win and certain industries lose as a result of the trade war?

SF: We are now starting to see what free traders have said all along which is that you get more losers than winners when you restrict trade. Even industries that Trump thought was going to really support this like steelmakers and auto manufacturers are now saying that it is not that simple. In a highly competitive, globalized economy, you can't just slap tariffs on steel and get tariffs on products such as soy beans slapped back on you without hurting businesses. Looks like the losers are far more numerous than the winners. One great thing about Trump is that he is making really bad things unpopular. Most ordinary people don't realize how much free trade does for them.

That is normal, in every country, elites and ordinary people tend to differ on trade. Elites who know what good trade does to people tend to be in favor of it but ordinary people think that trade barriers in whatever industry they are in helps them. What Trump is doing is making free trade popular through his ridiculous tariff barrier policies. People will see what good trade does

for them after a certain period. Most people are not economists and they don't realize that trade is the key to holding down inflation.

JD: Do you think Trump will get reelected?

SF: No, I don't think he will make it to the end of his term. There will be a big fight within the Republican Party for control because Vice-President Pence will try to claim the Trump wing of the party and there will be other people who try to claim it. There is also going to be some old fashioned, pro-democratic Republicans who are not nativist, anti-immigrant but are in favor of social and racial equality, business and free trade. Jeff Flake, a Senator from Arizona who is running for reelection, Senator Bob Corker will attempt to get some of the Trump wing and some of the old fashioned Republicans. There will be a fight for the soul of the Republican Party.

The Democratic Party undergoing an argument about who they are going to be in the future and there is a lot of new blood, younger people and women running for office right now, spurred by the disaster that is Trump.

JD: Does this mean that America will be completely restructured politically in two-three years?

SF: I think the political party systems will be restructured. The Republican Party right now, is controlled by a poisonous individual who can't stay in charge of the party forever. He is breaking laws and I don't think he will make it to the end of his first term. The Democratic Party's leaders are all in their 70s and 80s. Trump is not formally the head of the party but he is the de facto head. The President is always the leader of his party.

JD: What are your thoughts on Brexit?

SF: It would be a disaster for the UK to leave the EU and I think most British understand that today. If you did the referendum again today, I think that leave with lose, public opinion polls show that. If the UK really does leave the EU, even more people would vote against leave because the consequences will be even clearer then. This will serve as an example for other countries to not leave the EU. The problem right now is that populist parties are now on the rise in Europe and they make a big deal about immigration undermining their sovereignty and this is the flavor of the decade in Europe right now, tragically.

This interview originally aired in August, 2018. It has been edited here for space and clarity. You can watch the full 30-minute interview at www.jargaldefacto.com



PRIME MINISTER'S VISIT TO JAPAN

During Prime Minister U.Khurelsukh's recent visit to Japan, issues of strategic partnership relating to the economy, politics and international relations. He met with Prime Minister Shinzo ABE, paid visits to a number of organizations and attended two business meetings. Japanese-Mongolian relations are very important to Mongolia, particularly the economic sector. We can not overlook the support we have received from Japan over the last 28 years. Mongolia also plays a key role in facilitating discussions between Japan and North Korea as we have had diplomatic relations with the latter for a prolonged period. On the last day of his visit, the Prime Minister visited Hokkaido, where he met a relatively successful Mongolian farmer. This farmer took advantage comparable climate to Mongolia and others should follow suit.

It is worth noting that the 2016 Economic Partnership Agreement Mongolia signed with Japan was the first free trade agreement Mongolia signed and the volume of our trade increased by 10% the next year and by another 50% as of November 2018 owing to increased exports. While there is still a large deficit in our trade balance with Japan, the process of equalization is in effect. One issue that the agreement presents however is that due to a lack of specificity, Mongolian producers of certain commodities are unable to take full advantage of the subsidies entailed in it. Another issue is that despite a trend towards equalization of our trade balance, Mongolians keep buying old cars, particularly Prius, violating Mongolia's legislation on right hand steering wheels to the extent that it is causing accidents. We need to investigate how we can minimize the negative impact of the environment, perhaps through higher taxes on Japanese cars.

The announcement of Mongolia opening a Trade Representative Office in Tokyo also came while the Prime Minister was in Japan. One of the reasons behind this was that despite the increase in trade volume, it is still quite modest to the opportunities we have, comprising 500 million USD. Secondly, there is a trend of Mongolian engineers and software engineers studying and working in Japan, increasing Mongolia's IT capacity and in turn, Mongolian professionals can find employment throughout Southeast Asia. The 2,500 Mongolian



students studying in Japan yields a larger per capita figure than American students for example. In total, there are approximately 9,000 Mongolians working and studying there and the figure is on the rise. The trade office will also optimize our use of loans such as the JBIC loan for 80 million USD credit line five years ago. While we have initiated projects such as purchase of Komatsu mining equipment by Khishigarvin Industrial LLC in 2015, printing machines from Konica Minolta and Khaan Bank ATM machines as well as the feasibility study of a railroad from Tavan Tolgoi to Zamiin-Uud through Sainshand in 2016, we have only used 20% of the total loan. Mongolian businesses with connections to Japanese companies will be in a better position to receive these loans at cheaper rates than in Mongolia.

Discussions on the new airport in Khushigiin Khundii led to the most concrete, practical decisions of the trip. A joint statement by the two Prime Ministers touching on the airport widely circulated through Japanese media. 580 million USD for the construction of the airport was borrowed 10-years ago and we have not finished the airport even though repayments are due. The management and operation contracts of the airport still pose an issue despite the airport's readiness to become operational and the highway to the airport near completion. An agreement was reached however that Mitsubishi, Haneda, Narita, and Japan Airlines (JAL), all professionals in airport operations will take over the management of the airport for 15 years. They will not only pay concessions but also dividend fees and we will collect all taxes as well. Hopefully, following the 15 years, some

of the 580 million USD loan can be repaid and Mongolia can gain management of the airport. Under the current agreement the government owns 51% of the airport with the Japanese consortium owning the remaining 49%. The agreement will be signed prior to January 2019, after which it will take several months to prepare the airport for operation, but our Prime Minister requested that the airport be opened by the upcoming Naadam if possible. The issue, however, is that the airport currently costs 1 billion MNT a month to maintain as it employs 200 personnel and also needs security and heating. This

shows the inability of the Mongolian government to keep its promises.

For relations between two democratic countries to flourish, a strong relationship between the people of the two countries, people's diplomacy is essential. For example, Dornogovi Aimag is sister city with Shizuoka Prefecture. I witnessed the transfer of cultures through students visiting each other and children in summer camps learning about each other. It is an efficient way of learning and localizes the benefit of the program.

ERDENES TAVAN TOLGOI IPO

Erdenes Tavan Tolgoi is in the process of becoming a public company, selling 30% of its shares in the international market, targeting Hong Kong in particular. Half a year has passed since the decision was made and they are in the process of selling the stock. Today, 64% of the shares are owned by Erdenes Mongolia, 14.5% of the shares belong to the people and 0.05% of the shares are owned by 64 economic entities in Mongolia. The company made a profit of 461 billion MNT in 2017 and their sales are projected to reach 1.2 trillion MNT this year. This information is, however, not readily available, and the final presentation on the state of the IPO preparations will be presented by Minister of Mining and Heavy Industry, Mr. Sumiyabazar (MPP) next year to Parliament.

While the Erdenes TT board used to consist fully of political appointees, four independent members now sit on the board. I am however not aware of their selection process. Moreover, while the names of the members are on the site, their photos are not and there is no information regarding their financial situation. Erdenes TT recently announced that it will operate as a closed company prior to the introduction of the IPO to the market in order to better protect the value of its shares. Their concern is that the value of the shares will depreciate if everyone sold their shares in short order. However, as the 14.5% of the shares owned by the people were given to the people outright, it is difficult to raise the value of the remaining shares and is certainly not the traditional way of approaching an IPO. Investors may also be reluctant to buy 30% of a state-owned mining company while Australia for example has no state-owned mining companies. With the state owning 70% of the company, it will be difficult for the private industry shareholders to make decisions.



The fear of shares being sold is hardly a justification for becoming a closed company as the shareholders, Mongolian citizens lack access to the necessary documentation and certification to sell of their shares. In any case, a full financial disclosure of the company should be available on their website as they intend to sell shares in 6 months or so. Balance sheets, income and cash flow statements going back several years should be made available. They are missing the main documents for an IPO and I hope they will put them on their site soon.

Last Friday, the Supreme court announced its decision to dismiss the railway case where 280 million USD was embezzled, but the announcement lacked clarity. It stated that the court ruling regarding two Korean citizens involved in the case would not be overturned. The very next sentence contradicts this by stating that they found no evidence of wrongdoing on Mr. Gu Du Hyun's part despite a lower court finding him guilty and imposing a penalty. The second defendant was also issued with a prison term and a 40 million MNT penalty but the Supreme Court released him on time served and decreased his penalty to 32 million MNT. This raises the

question of who is responsible for the loss of 280 million USD with President Battulga's company involved in the project. There were several cases looking into misdoing into his part but those would be dismissed with his

inauguration. The decision also raises the question of whether the concept of equality before the law operates within Mongolia.

4 MILLION USD CASE



D.DORLIGJAV



T.GANBOLD

Mr. T.Ganbold (CEO of Altan Dornod Mongolia LLC) recently accused Mr. Dorligjav of transferring 4 million USD to his own account during his term as Prosecutor-General. In 2014, Minister of Justice, Mr. Temuujin published information into the mismanagement of funds with documents regarding the transfer of the funds to the brother of Mr. Dorligjav, the Prosecutor-General's brother. Mr. Dorligjav took this as a political assault on himself and promised to offer clarity, but no new information came to light during the last 4 years. If the Prosecutor-General received the funds, he should declare what happened to them. If he in fact did not receive the funds, Mr. Ganbold should be taken to court for libel. In an interview last

Friday, Mr. Ganbold stated that Mongolian politicians are wealthier than businessman. The majority of expensive houses in Zaisan Valley are owned by politicians. Moreover, if we take the salary highest ranking politician that has dedicated his entire career to Mongolia, they would only be able to afford a medium class four-wheel drive vehicle. Mr. Dorligjav's case is a clear example of the corruption permeating Mongolian politics should he fail to prove otherwise. The political dysfunction in Mongolia today probably contributed to the case resurfacing after 4 years. The disclosure of each other's wrongdoings in such a manner is a sign that democracy is still functional. Mongolian prosperity is dependent on weeding out the corruption within our political system.

This review has been edited here for space and clarity. You can watch the full 30-minute review on the Defacto website [HERE](#).



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