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YOU REAP *what you sow*

Mongolia's public governance is currently in a deep crisis. It is because the leadership of political parties who have had a majority in parliament have been stealing from public funds for many years, and so have MPs.

The internal struggle within the Mongolian People's Party (MPP) has gone too deep, making it impossible for them to resolve it within the party. Despite their strong majority in the parliament, the MPP is unable to convene a parliamentary session. Nearly 40 MPs have stopped coming to the parliament altogether, demanding the impeachment of Speaker M. Enkhbold, who is also the Chairman of the MPP. Thousands of people joined in the

two demonstrations that took place on the Sukhbaatar Square, but it didn't lead to the intended outcome of the Speaker stepping down. President Battulga initiated a law that would force the resignation of Speaker with a majority of MP's votes. The draft legislation has been delivered to the parliament.

The internal conflict within the political party that has the governing power has led our public governance deep into crisis. When the government and the parliament start serving their own interests or the interests of their businesses, instead of serving the people, a political crisis is inevitable. This can not only be seen in Mongolia, but also found in the post-communist Czech Republic.

WHAT HAPPENED IN PRAGUE

The collapse of communism in Czechoslovakia was followed by their first ever democratic elections. It meant that the Czechs and the Slovaks, who were united ever since World War I, went their separate ways and organized their own parliamentary elections. The Czech Republic came to be governed in turn by the Czech Social Democratic Party and the Civic

Democratic Party, but in coalitions between these two parties in most cases.

[In the democracy index published by the Economist](#), the Czech Republic has been a flawed democracy following its downgrade from a full democracy in 2014. Scholars explained that it was because political parties neglected their primary responsibility of ►►

- ▶ representing the people and facilitating the relationship between the state and the civic society. Instead of expressing the interests of civic society, political parties started protecting the hidden business interests of politicians.

In 2010, the Civic Democratic Party won the general election, and their chairman Petr Necas was elected as Prime Minister. The first and foremost promise Necas gave after assuming Prime Minister's office was to fight corruption. In June 2013, a big corruption case was revealed, involving two high-ranking intelligence officials, former deputy ministers, and some MPs. Jana Nagyova, who was a cabinet member of Petr Necas' government, had promised some MPs high-ranking positions in state-owned companies if they expressed confidence in the government. It was also revealed that Nagyova ordered the intelligence agencies to conduct surveillance on a group of individuals, including the Prime Minister's wife. This was met with strong public disapproval. Journalist Jaroslav Kmenta said military intelligence was protecting the interests of a client group, instead of the government's interests.

Soon afterwards, the government led by Petr Necas, who was often dubbed as Mr. Clean, was dissolved. Subsequently, Miroslava Němcová, who was Speaker of Parliament, was nominated to be the new prime minister. However, President Miloš Zeman, who had only spent three months in his presidency, refused to approve Němcová's nomination. President Zeman went on to appoint Jiří Rusnok, who was Finance Minister when Zeman was Prime Minister in 1998-2002, as caretaker Prime Minister and established an interim government. The parliament reacted

to his decision by stalling for two months without approving Rusnok's appointment. As a result, a de facto presidential governance was formed.

In August 2013, the Social Democratic Party, the opposition at the time, called for the dissolution of the parliament. Seventy per cent of 200 MPs of the parliament voted in support of the motion, which then resulted in a snap election that took place on 24-25 October 2013. The Social Democratic Party won 50 seats, while the ANO 2011 political party, which had been founded only in the year before, managed to get 47 seats. It meant that the two political parties who had been dominating the parliament suddenly lost their power. New political forces had come onto the scene. The Christian and Democratic Union – Czechoslovak People's Party (KDU-CSL) and the Movement for Direct Democracy group both won 14 seats each, despite having never had a seat in the parliament before. As a result, the Czech Republic went through a redistribution of political power.

In the 2017 general elections, the ANO 2011 party won 78 seats while the Social Democratic Party and the Communist Party both secured 15 seats each. A coalition government was formed, and Andrej Babiš, the second richest person in Czech, a billionaire businessman, and Chairman of the ANO, became Prime Minister. Babiš promised to fight corruption and run the country as if he was running his own business. However, in the recent months, the Czech people have been protesting against Babiš and calling for his resignation because of his alleged fraud of 2 million euros in an EU farming subsidy. ▶▶

► WHAT IS HAPPENING IN ULAANBAATAR

It is now only 18 months to go before Mongolia's next parliamentary election. However, people are increasingly supporting the idea of dissolving the parliament before then, organizing a snap election, and urgently announcing the date of when this election will be held. In November 2018, [MEC surveyed](#) a random sample of 750 eligible voters in Ulaanbaatar, and 75 per cent of respondents were in favor of dismissing the parliament. Also, 57 per cent of respondents said they didn't support any of the political parties, while this percentage was only at 28 per cent in July 2017.

President Battulga has already proposed to dissolve the parliament on two occasions. The first was in connection with the parliament's inability to bring down the catastrophic air pollution levels in Ulaanbaatar, and the second was based on the 2019 public budget deficits. This time it was the Democratic Party (DP) who proposed the idea again. When MPs Lu. Bold and J. Batzandan announced that they were leaving the party, DP lost their caucus in the

parliament. As of today, a total of 16 MPs have supported the dissolution of the parliament.

As per Clause 31 of the law on parliament, dissolving an incumbent parliament and announcing a snap election will require the support of two thirds of the parliament. An irregular election can also be triggered if the parliament has less than 57 members as a result of MPs voluntarily stepping down. However, given the equal divide within MPP, it looks like the latter pathway is unlikely.

It appears that there is no choice but to dissolve the parliament. Signs indicate that an irregular election will be organized this spring and new political forces will come into the parliament. If the same thing as the 2013 Czech election happens, DP may end up establishing a coalition government together with one or two smaller political parties.

The path to democracy may be bumpy, but it has to be in the right direction. Today we are reaping what we sow.

2019.01.16 ■



**SAMUEL SO**

Professor of Surgery, The School of Medicine, Stanford University

IN ASIA, LIVER CANCER CAN AFFECT A LOT OF PEOPLE IN THEIR MIDDLE AGES, FROM 30 – 54

Dr. Samuel So is the Lui Hac Minh Professor and Professor of Surgery. He is also the founder of the multidisciplinary liver cancer program at the Stanford Cancer Center, and the founder and executive director of the Asian Liver Center at Stanford University School of Medicine. Dr. So is a native of Hong Kong and received his surgical training at the University of Hong Kong and the University of Minnesota where he also completed his fellowship in multi-organ transplantation. His current clinical area of specialty is multidisciplinary approach in the treatment of primary liver cancer and management of chronic hepatitis B infection. He is listed among the Best Doctors in America. Dr. So is recognized worldwide for his expertise in chronic hepatitis B and primary liver cancer prevention, research, treatment and health policy. He served as a consultant for the FDA and was a member and co-chair of the U.S. Department of Health and Human Services Office of Minority Health's Hepatitis B Expert Panel.

Jargal Defacto: Please tell us about what brought you to Mongolia

Samuel So: We came to really celebrate the commitment of the Mongolian government to bring Mongolia a major step closer to eliminating chronic viral hepatitis. In doing so, it is taking important steps towards reducing liver cancer. As you know, Mongolia has the highest liver cancer rate in the world. We calculate it per capita, per 100,000 populations. Mongolia's high rate is due to a preventable disease.

JD: How many people in Mongolia are affected by hepatitis?

SS: According to the World Health Organization estimates, as many as 12% of the Mongolian population may have chronic hepatitis C and another 8 – 10% may have chronic hepatitis B and the danger of these infections are usually silent until someone become sick from liver cancer or advanced liver cirrhosis. This is why it is so important that you should do a one-time blood test if you are in doubt to check whether you have chronic hepatitis B or whether you have immunity.

We have a very effective vaccine for hepatitis B so anybody that has not been affected only needs to get a three shot vaccine over 6 months which can protect them for life.

JD: It is disheartening that 12% of the population is affected by Hepatitis B. Have they already been vaccinated?

SS: There is no vaccine for Hepatitis C. I think Mongolia has done a very good against Hepatitis B with vaccinating infants and newborns. Young people in Mongolia, especially children most of them should have been vaccinated and now protected because the vaccine was only made available 35 years ago. In Asia, most of the countries did not start vaccinating countries until 1992. A lot of the older adults, maybe over 21 may still be vulnerable if they weren't vaccinated when they were newborns. So both diseases are more of a problem in the adult population. The prevalence in children will be low because they got vaccinations against hepatitis B and because a major way people contracted hepatitis C in the past was through unsafe injections. It could have been from the lack of disposable needles or syringes,

through surgeries or blood transfusions because they didn't know of hepatitis c until the 90s.

JD: How long does it take from contraction of hepatitis C to it seriously affecting their health?

SS: It usually takes 20 – 30 years for scarring of the liver to take place from chronic hepatitis C and run the risk of developing liver cancer. Hepatitis B is a very old disease with recent research suggesting it is from 8,500 to 21,000 years old. It has been discovered in mummified children in Korea and Italy. In Asia, a lot of young people got infected by the virus, some from their mother and run the risk of developing liver cancer in their 20s. So if you look at countries in Asia, liver cancer can affect a lot of people in their middle ages, from 30 – 54. A 2010 study showed that liver cancer was the second leading cause of death amongst middle aged people in China.

JD: So we can completely cure hepatitis B now?

SS: No but there was a major discovery in hepatitis C a few years ago and now you can cure it by just taking a pill a day for 2 – 3 months. There are very effective pills against hepatitis B as well but you have to take it potentially for life. You can't cure it but you can suppress the virus. The vaccines are also good if you have never been infected.

JD: You are a surgeon with extensive liver transplant experience. When did the first liver transplant surgeries in the world take place?

SS: The earliest successful transplants were done in the United States with Dr. Thomas Starzl pioneering the field. When I entered in the 90's the success rate in our center was already 90%. Liver transplants are very successful now unless it is a transplant for liver cancer because there is still a risk the cancer can come back after the transplant. It is therefore best to prevent people from developing liver cancer because liver cancer is one of the deadliest cancers today. This is due to the fact that it is usually very advanced by the time it is discovered leaving no effective chemotherapy. If you can catch it early, you can remove it but even after removal, it has a higher risk of coming back.

When I treat patients with liver cancer, I have to follow them for life. Every year, I have to do MRI and CT scans maybe even two or three times a year initially. With all these expenses adding up, it is easier to prevent the disease so every adult in Mongolia should take a one-time blood test.

JD: How many liver transplants have you done?

SS: Hundreds. Transplants are very expensive and is also limited by organs. Even in the US, there are many people waiting for a liver transplant and some of them die before they have access to a transplant.

JD: Do close family members donate organs in the US?

SS: Ideally, you would use an organ from somebody that recently became brain dead because of a car accident or something. Then you would not have to subject another person to an operation trying to save a life. In our center, we usually only use living donors for transplanting children because you only remove a very small piece of liver from the adult. However, if you transplant to another adult, the donor would have to give up 50 – 60% of his own liver so the risk of the surgery is higher.

JD: Why would a child need a transplant?

SS: Children are usually transplanted not because of cancer but congenital liver disease, if they are born with a liver that doesn't function well. It is not an infection from the mother, just a congenital condition. In the old days, our center did a lot of transplants for children, especially under the age of one. It is a lot of work because the blood vessels are tiny and you have to wear magnifying loops to connect them.

JD: Tell us about the Asia Liver Center that you created at Stanford.

SS: What I found when I moved to the West Coast from the Mid-West with very few Asians, I found Asian patients dying of liver disease caused by hepatitis B when in the Mid-West most liver issues were caused by heavy drinking and drug use. I

found that a lot of the Asian community were aware of hepatitis B and the liver issues that it causes. We also found that a lot of the doctors were also not aware that hepatitis B was a big problem. In the US, if you are a white or Latino American, the chance of that person having chronic hepatitis B was 1 in 1000. If you are Asian, it is about 1 in 10 or 12 and the doctors didn't do screenings because they were not aware of this.

A lot of the doctors also didn't feel comfortable or proficient in caring for these people. We also found that the government wasn't doing anything about this except vaccinating newborns. There was no comprehensive approach with prevention, diagnosis, treatment so I just saw patients dying needlessly from a preventable and treatable disease. I thought I needed to do something about it because nobody else was.

So I founded the Asia Liver Center in 1996 to address the gaps. Over the years, we helped address a lot of these gaps. In the US, we addressed the gaps in national policy so now, if you are foreign-born from anywhere in the world except Western Europe or North America, the screening for hepatitis B is now covered by government and private health plans. Hepatitis C testing is also covered for anyone born from 1945 – 1965 as the US CDC showed that baby boomers were at the highest risk for hepatitis C.

I also belong to the National Academy of Sciences, Engineering and Medicine and the last two years, we developed a national strategy for the elimination of hepatitis B and C in the US. So over the years, we have managed to change national policy, put the issue on the national agenda but there is still a lot of work left. We need to make sure tick off that box and we are trying to institute hepatitis screenings into medical records.

JD: So there is a single database in the US for patients that any doctor they go to will have access to their medical records?

SS: They are trying to put that all together. The key is the first time the patient sees a new doctor where

his computer screen should already tell them what tests they should be doing.

JD: One of your initiatives is the Jade Ribbon. Tell us more about it.

SS: As you know, branding is very important for anything and equally important in health as in business. People don't want to talk about hepatitis and liver cancer because it is very boring so if you build awareness around a brand, we borrowed the idea of Red Ribbon and used the color Jade. In a lot of cultures jade represents health and longevity so we used the color in our efforts to eradicate hepatitis B and reduce liver cancer in the world. We also want people to show more compassion for those who live with hepatitis as there is often a misconception on how hepatitis is contracted.

I also want to bring up that we collaborated with the Ministry of Health and developed a training course in Mongolian targeting all primary health care providers. This was done because what I found most troubling around the world is that most countries don't have a formal curriculum to train healthcare workers about knowledge, prevention, diagnosis and control of viral hepatitis. As a result, 2-3 years ago, we started working on this projects so healthcare workers in Mongolia can now just log onto the website and take this online training course whenever they want. Healthcare worker who successfully finish the course will be able to print out a certificate attesting to that issued by Stanford University and the Ministry of Health.

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

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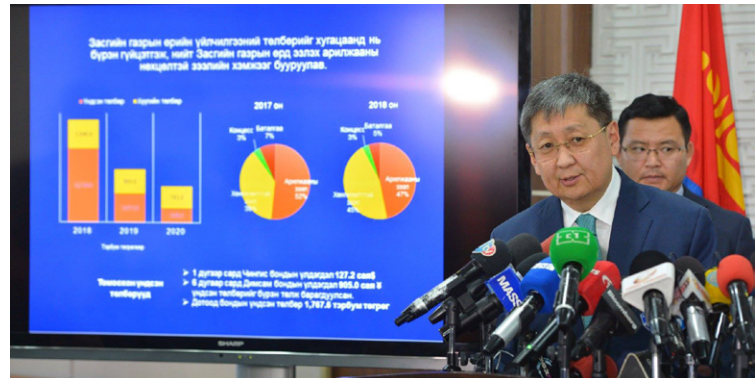
2018 BUDGET EXECUTION REPORT

On Monday, 14 January 2018, the Finance Minister Ch.Khurelbaatar (MPP) introduced the 2018 budget execution report which contained a surplus for the first time. Before going into it, I would first like to delve into the concept of a balanced budget which entails dividing every source of revenue stream into two separate funds: one for the future, and one for budget stabilization. That budget is then compared against the expenditure and it is good that we have had a surplus for the first time in at least the last 9 years.

However, the budget was 25% more than was expected highlighting a budget planning issue. If you recall, over the past few years, there was always a reconsideration of the budget which did not occur this year. When the revenue stream is larger than expected as was this year, the expenditure was reconsidered with the budget still contains a deficit. This is not ideal as this increases the country's overall deficit and forces the government to borrow more money. These loans eventually need to be paid and this decreases the strength of the MNT which negatively affects our payment balance.

The surplus amounted to about 2 trillion MNT with the mining industry contributing 670 billion MNT from and the non-mining industries contributing 1.3 trillion MNT. As 40% of Mongolian exports, the mining industry is in good shape. The price of coal increased last year before declining just prior to the New Year partly due to China lowering exports from around the world. Half of the 1.3 trillion MNT non-mining proceeds are thought to have been generated from increased VAT revenue. When the VAT revenue increases without substantial changes in the exchange rate or legislation, it is an indication that the shadow economy is shrinking.

The government is increasing the registration of companies as well as incentivizing VAT payments and that is a good signal to the economy. Secondly as we discussed previously, Mongolia did not reconsider its budget this year and Mongolia's credit rating is also becoming better. However, this



government is complacent as they will leave just before large payments on existing loans become due in 2021. In 2022, we have to pay 1 billion USD Chinggis bond money per day for example.

Therefore, in spite of the surplus this year, we still don't have the money to pay back the loans starting in 2021. I would also like to add that we need to increase the quality of our coal exports as China is unlikely to reinvigorate their imports next year as mines are complaining about closures while coal is still imported. This year, Energy Resources exported 5 million tonnes of coal of the 36 million national exports. However, this is refined coal and costs twice as much as coal you dig up from the ground. Mongolia needs to wash more coal next year so that we have a higher revenue even if we don't reach 36 million ton exports as we did this year.

Despite the surplus, the weakening of the MNT by 8.6% prevents it from being reflected in the standard of living. The situation is also hampered by an inflation of 8% this past year. The culmination of these factors produces an uninviting work environment forcing people to go abroad in search of jobs. People still go although 10,000 of the 46,000 Mongolians in Korea are unemployed. The stabilization of the exchange rate which owes its volatility to the payment balance deficit and inflation will allow us to reap the benefits of a strengthening economy should the budget continue to yield surpluses.

AMENDMENTS TO THE LEGISLATION ON PARLIAMENTARY PROCEDURE



On the 4th of January, President Kh.Battulga submitted a draft amendment to the legislation on parliamentary procedure to Parliament and its Speaker. There is a proverb in some countries which goes that if the mountain doesn't come to Mohammed, Mohammed should go to the mountain. If one method doesn't work, you have to try another one and that is what is happening in Mongolia. The plenary sessions are expected to discuss the draft amendment on Thursday with it coming into effect on the following day, Friday the 25th should it pass.

If the Speaker saw stepping down as a viable option, he would have done it much earlier. Instead he stood firm stating that he was elected through legal procedures and should be removed in accordance with existing legislation. This raises the question of how we came to the current state of affairs. The answer is the lack of electoral and political participation among the Mongolian population.

They are not holding the government they elected accountable, a mainstay of a typical democratic society. Now we are realizing that if legislators are not held accountable, they can simply cease to operate for two months. Mongolians have been reluctant to participate in the democratic process because of culture and because they don't fully understand the wonderful mechanism of democracy. There is however a growing awareness within the people

that if we monitor the government, we can do a better job.

With the change of Speaker, we expect that the composition of the three judicial entities: The General-Prosecutor's Office, the anti-corruption agency and the Supreme Court will shift. As the Speaker decides on the agenda of the session, and it is expected that the new Speaker will bring pressing matters to the floor one by one. While the Speakership may seem like a small position, it wields an enormous power through their setting of the agenda. For example, the current Speaker persistently ignored attempts to discuss a change in the composition of some agencies. That's why some see our Speaker as being more powerful than those in other countries.

People are tired of corruption in Mongolia and if it is not dealt with effectively and in a timely manner, Mongolia will not be able to leave the cycle of corrupt officials coming to power in turns. For example, the Small and Medium Enterprise fund was embezzled by 30 Members of Parliament as well as the Deputy Prosecutor-General among others.

If we change the Speaker, we may initiate a gradual process towards transparency as in the Czech Republic in 2013. Since the Velvet revolution in 1989, there were two major parties that competed for power in the Czech Republic. The system was marred by corruption until a snap election that completely shifted the political landscape was called. In 2013, with the President refusing to accept the Parliament's nomination for Prime Minister the opposition was given enough time and leverage to dismiss the Parliament. The ensuing election forced the winners into a coalition with ANO 2011 party, formed just a year prior to the elections. They would subsequently go on to win the 2017 election, completing a full shift in power within two elections.

It is possible that the 'Khun' party may make substantial gains in Parliament in the next election but one thing that is certain is that dismissing the Parliament will be a more effective mechanism for change than changing the Speaker.

TAVAN TOLGOI MINE INVESTIGATION REQUEST

President Kh.Battulga met with prosecutors on Monday in order to make two petitions: one as a citizen and one as the President to investigate the Tavan Tolgoi mines as well as our former President. The annual Prosecutors' Consultative Meeting which takes place at all levels was also attended by the President last year. He made sure to highlight that little has changed in terms of corruption since the last year's meeting.

The President referred to corruption, offshore accounts, 60 billion MNT case where the Speaker conspired to raise funds by selling public offices and the purchase of 49% Erdenet and nothing being done about them when all the facts are clear. He also mentioned the Zorig case which is so convoluted that people are just confused about it warning that if those issues aren't resolved, that they could not bring justice to society.

Mr. Kh.Battulga also singled out the Deputy Prosecutor-General for remaining in his position following his involvement with the SME case and asked the Prosecutor-General how he intended to deal with misappropriations in parliament when he could not even control his backyard. In closing, he requested, as a private citizen, that the files of former President Ts.Elbegdorj be opened for allegedly attempting to lease the Erdenet mine to foreigners for a 60-year lease with a 40-year extension through Prime Minister M.Enkhsaikhon. A comical note in our history was the arrest of President N.Enkhbayar at the behest of President Ts.Elbegdorj. This was the first time a sitting President sent a former President to prison. Mr. Kh.Battulga made his request as a private citizen in order to not repeat this incident. I am not a lawyer but I believe any private citizen can go to the courts and present their case with supporting evidence.

The speech highlighted the inability of our judicial organs to combat corruption as when scandalous events emerge, a number of individuals may receive prison terms only to be released a few months afterwards. It more resembles a perception of justice rather than a functional Rule of Law system. There are so many criminal acts such as the Chinggis Bonds and the purchase of 49% of Erdenet that the current government is incapable of resolving.



This is why we should change the structure of governance but without public participation and complete transparency at all levels of government, this is a venture with little hope for success. People should voice their discontent with the corruption that is ultimately hindering our prosperity as the private sector is unable to compete with the ventures of their respective Ministers.

The lack of full awareness of the issue and its impact is one of the issues preventing the public from voicing their outrage as our politicians own numerous media outlets with very few outlets that don't belong to any politician. This limited freedom of the media results in issues not being discussed in-depth.

The Prosecutor-General, Mr. M.Enkh-Amgalan has a background as a police investigator and was fired in 2012 by the new Minister, Kh.Temuujin (DP). He however suddenly reappeared after three years with President Ts.Elbegdorj appointing him in his current position. For positions of this magnitude, we should know who the appointee and there is a public hearing draft legislation in Parliament. This brings new hope and the discussions we have are because this is a democratic country with the enthusiasm to solve these issues.

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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