

The Democratic Party made a statement with the adoption of the State Budget Law of Mongolia 2004

The year 2004 budget of Mongolia was finally adopted by the State Great Hural /the parliament of Mongolia/. 2004 is the year of election for the State Great Hural. The electorate lost their hope that the MPRP, which cheated the public with a promise to rescue the people from poverty, would take a totally new conceptual approach to the budget of the coming year. The Democratic Party considers that the budget approved by the State Great Hural has become an absolutely irresponsible document that caused public disappointment.

1. Constitution, allocation, & expenditure of the budget should be open to the public. But, the entire discussion of this budget was held in a closed door, and therefore the Democratic Party considers it an incorrect practice on its face.
2. Although the GDP is planned to rise by 6 per cent, ensuring a favorable business environment conducive to such growth has not been adequately addressed. The tax burden, which was 19.6 per cent in 1999, increased up to 29.9 per cent in 2003 and it would remain as it is in the next year. The decision to reduce the tax burden by 10 points concerns only 150 economic entities. Hence, by having retained the tax burden of 99 per cent of the economic entities at the previous level, the Government is unable to give effect to its promise to reduce income tax burden of economic entities by 30 per cent, and there would be no reduction in loan interest rates in future as is stipulated in the Budget Law. While 182 trillions of tugrugs were collected for the budget through tax in 1999, in the coming year 452 trillions of tugrugs are planned to be collected as tax. In fact it is roughly 3 times increase of the tax. The Democratic Party once again notes that the tax burden restrains an intensive growth of the industries, and is causing the rise in prices for works and services, and those of goods.
3. As the foreign debts of Mongolia amount to 80 per cent of the GDP and are a threat to the national security, a sufficient step to address this serious issue has not been specified in the Budget Law. The Democratic Party blames the continuity of the thoughtless policy to live on loans without consideration of loan repayment based on efficient usage.
4. Although it is indicated to withdraw 14 trillion tugrugs into the budget out of privatization in 2004, no measures were specified in respect of correcting confusions emerged in the process of privatization of valuable assets created by many generations of the public, and inefficient decisions made on the basis of temporary benefits. This leads to an assumption that the Government plans to go ahead with the defaults of the privatization.
5. The expenditure of 2004 state budget is planned twice as much that of 1999, i.e., 664 trillion tugrugs. Though the budget deficiency reached 96 trillion tugrugs the expenses on goods, works and services to be provided by the state are planned to rise in overall. Public officials will spend 3.3 trillion tugrugs for stationaries, 45.3 trillion tugrugs for electricity, fuel, and heating, 11.6 trillion tugrugs for transportation, 19.6 trillion tugrugs for meals and receptions, and 5.8 trillion tugrugs on domestic and overseas appointments. In addition, about 40 trillion tugrugs were allocated for unidentified expenses of the state and local budget, contingency costs, expenses for the works and services executed on behalf of the state, expenses on national measures, and for the Government and local reserve funds. It became clear that the so-called unidentified expenses of the Government amounting over 10 trillion tugrugs which were hidden by the Government from its opposition and tax payers had gone to the pockets of the ministers and other leaders in tens of millions and been spent on their holidays, trainings, financing the newspapers and media that support them, and been unlawfully expended by the members elected to the State Great Hural upon the nomination of the MPRP in their constituencies out of the budget each year. The Democratic Party is taking a critical view over this issue in pursuit of protecting interests of the tax payers and the citizens of the country as unclarity of budget expenditure, and unlawful planning of the budget as such cover and stimulate illegitimate conducts of those in the government power. And there is nothing to suggest that such a huge amount of money paid by taxpayers would not be spent on the election campaigns of the next year. All these prove the consequences of serious diversion from the meaning of the Law on Public Sector management and finance, and those of policy errors. The MPRP has not indicated the steps to effectuate its promises to increase the minimum wages three times, salaries of the public sector employees twice respectively, reduce

unemployment by 50 per cent, provide free of charge examination, diagnosis and tests in state-owned hospitals, provide free medical assistance to the elder, mothers with many children, minors, and the handicapped, free the citizens from payments for injections and medicines, bare tuition fees of children from poor families, livestock breeders, and of one child from families with two or more children who study at the same time, and provide free school supplies to the children from vulnerable families and families with three and more children.

6. The Democratic Party criticizes the fact that the four members of the State Great Hural nominated by the Democratic Coalition have been explicitly discriminated in the investment planning of the next year budget.

“Upon conclusion of all these facts, the Democratic Party views that the Budget Law of Mongolia 2004 retains the tax burden, restrains business environment of economy, results in ineffective reform of public sector management and finance, foreign trade deficiencies of 160 million US dollars, and budget balance deficiencies of 86 trillion tugrugs, disregards key promises made by the MPRP to its electorate, presents a serious policy error, and incorporates various tricks to finance unlawfully the electoral campaign” notes the Statement.

Translated by Bartuya J.