

Invest Mongolia Tokyo Conference

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New government needs to get the politics of growth right

◆ Who...

- Roles of government and private sector in economy?

◆ ...gets what...

- Proper level of taxation and budget/GDP?
- Privatization or state equity?
- Proper level of social spending?

◆ and when?

- Support business in times of fiscal and exchange fluctuations?
- Social spending to protect the needy at times of crisis?

Indicators to watch for

◆ Who...

- PPP projects: railway, power plants, IT, air and road transport
- Continued protection of property rights
- Increased competitiveness of gov. policies to attract private investment

◆ ...gets what...

- Maintain current competitive levels of taxation: bond payment
- Sharp reduction in gov. expenses
- State ownership or privatization: mines, transport, other small entities
- Human development fund: long-term investment in education, health, housing, old-age pension

◆ and when?

- Support export oriented projects on short-term basis through clearly defined criteria (wise spending of gov. bond proceeds)
- Welfare reform: needs based, targeted

Long-term key to success may be outside of the economic sector

- ◆ Professional and stable bureaucracy
 - Independent and professional judiciary
 - Meritocratic sectoral bureaucracy
 - Clearly defined division between political and bureaucratic appointments
- ◆ Bi(multi)-partisan policies and less populist politics
 - Constitutional reform
 - Election law reform
- ◆ Learning “spirit of capitalism”, “democracy as a process” and “culture of public prudence”