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Distinguished Visitor Public Lecture by The Hon. Tsakhiagiin ELBEGDORJ, President of Mongolia “Mongolian Transition to Democracy and Lessons” Central European University Budapest, Hungary October 18, 2014

Excellencies, Ladies and Gentleman, It is an honor to be with you here tonight at the Central European University. This renowned institution stands witness to the region’s transition to democracy since its founding in 1991. This campus is a rich source where the values of the open society continue to stem from. In this regard, I would like to congratulate our good friend George Soros for spearheading this effort worldwide, for his unwavering commitment to education and lasting prosperity for all. These lectures aim at promoting open debate, discussion and exchange of fresh and innovative ideas about the very nature of democracy. Indeed, the definition and evolution of democracy is an extremely timely subject on global agenda. Therefore, I commend the University – and its President John Shattuck – for launching this initiative.

I would like to begin my lecture with a brief introduction of my country and history. Mongolia is a country of rich and ancient heritage, unique culture and astounding natural beauty. It is a land of free and brave, peace-loving and hard-working people. We inherited from our forefathers great lessons and lasting traditions of statehood while enriching the history of our nation and building for a better future for the generations to come. The roots of our statehood go back more than two millennia and two centuries to the origins of the Hun Empire. Building upon the legacies and power of the Huns, Mongols had built the largest land empire in the history of the mankind. In the Great Mongol Empire, Mongols governed by a written law called the “Ih Zasag,” which is translated as “the Great Order.” Then, as now, Mongols promoted free trade and conducted an open foreign policy. The Empire actively engaged with nations near and far in Asia, Europe and the Middle East. It was an era when the Mongols strove to establish a new world order, thus, justice, peace and cooperation in their relations with other states and peoples. Through periods of prosperity and decadence, ruling and being ruled, Mongolia entered the world of the twentieth century. Modern Mongolia restored its freedom and true independence at the dawn of the 20th century. These were turbulent times around the world, and in early 1920s Mongolia took on communism which reigned the country for 7 decades. Dear friends, Twenty-five years ago, Mongolia stood at the crossroad to either gain our freedom or remain locked behind the stone wall. Mongolians thus joined the universal struggle for freedom, justice, human rights and individual liberties. And we prevailed. We had a peaceful revolution. It was a miracle, although we had a disadvantaged location in terms of its proximity to the free world, and while the Soviet Union was still intact. Our revolution did not break a single window, and not a single drop of blood was shed. The second point I like would to make is that, as you know, many still believe that conducting political and economic reforms at the same time is not an Asian way. But this is a fairy-tale. We broke that old stereotype by reforming our political, economic and social systems concurrently since 1990. On another note, we did not import democracy from elsewhere. We did this revolution united, all as one, people of all ages and trades, with no fear of cold of winter and winds of spring, with no fear of the humiliation and persecution of power-holders. And once people sense their own power, no authoritarian government can stand against the people who are determined to be free. Freedom was the desire of our people throughout centuries. Freedom enabled our people to be owners of their destiny. Mongols say, ‘it is better to live by own choice how ever “bitter” it is, than to live by others’ rule how ever “sweeter” it is’. You see, people are genius. In order to govern we have to know our people, their aspirations, and our history and culture. If those in power think that they can forever disregard those they govern, they usually make a grave mistake. Peoples made it clear in 1990 throughout the world. This was true in Mongolia too. Democracy literally means the power of people. Democracy is not about politics, it is about the people. In June 1990 for the first time, the Mongols conducted free, democratic, full election in our region. As a matter of fact, most of the countries in the third wave of democratization were changing only some number of deputies. We established a multiparty, plural political system. Putting it shorter, Mongolia has become the most vibrant democracy in our part of the world. No central planning, no autocratic rule and no military regime can produce what free man can do. We have seen this in Mongolia too. Mongolia has become a dynamic market economy. The private sector which barely produced even less than 5% of GDP twenty years ago, today has become the driving force of the economy yielding more than 80% of our gross domestic product. Moreover, Mongolia has become one the fastest growing economies in the world. In terms of governance, Mongolia has made major breakthroughs and created open and most liberal governance in our region. Dear friends, I do believe in the power of freedom. The power of freedom is the mightiest force of history. Once that power unleashes, it ultimately leads to peace and prosperity. Creative ideas come with liberty. Once you are free, your actions tend to be more thoughtful. Most regimes have failed because they didn’t respect their people’s creativity, their genius and their rights. There are nations, where people live in captivity, fear and silence. I believe, one day from prison camps and torture cells and from exile the leaders of freedom will emerge. The world should stand with those oppressed people until the day their freedom finally arrives. The strategy of repression and diversion will not work anymore. The pressure from the people to change the society through democracy will never relax. Greater technological connectivity makes the world wider, and the walls of isolation – thinner. I know, the God has planted in every heart the desire to live free. Even if that desire is crushed by tyranny, it rises again. Usually tyrants justify their murders and cruelty as if they serve their great vision. But they end up distancing

from fair and honest people around the world. They claim that free women and men are weak until the day when these men and women defeat them. We all understand that democracy is not perfect. It is not the course to utopia. But it is the only way to common success and human dignity. Democracy as a representative form of government will reflect, in any nation, their cultures and traditions. They will not and should not look the same. But in every decent society there is a common trend. They limit the power of the state, they tend to be responsive and ruled by the institutions of the people. They protect the freedom with consistent and impartial rule of law. They support healthy civic institutions, independent media and judiciary. They fight corruption, invest in human capital, and recognize gender equality. They appeal to the hopes of their own people. I am confident that if we stand for the hope and freedom of others we will make our own freedom more secure. To this end, we are committing funds and time to share our experiences and lessons with other countries. To name but a few cases, with Kyrgyzstan we are sharing our lessons learned in building effective parliamentary democracy and doing legal reform; with Afghanistan, we are conducting training for diplomats and public servants; with Myanmar, we are hosting media workers, journalists and civil society members; and with North Korea, we are engaging in economic and security dialogue. We Mongolians forced to build the biggest and longest wall on the face of earth. But we recently have torn down the darkest wall that blocked us from the rest of the world. Nowadays we are eager to help to tear down the remaining walls, barring the way of our freedom-loving sisters and brothers. The size of our population and economy of my country may be modest. But as the democratic anchor in the east, our experiences shed much greater light to the world. I sensed this when I was reading my lecture “No Dictatorship Lasts Forever” in a sombre audience at Kim Il Sung University in Pyongyang. Why we, Mongolians, chose democracy? It is because a democracy is based on the faith in the dignity and worth of every single individual as a human being. It is because a democratic society aims at the highest development of every one of its members. It is because everyone is provided with full scope and opportunities for self-development and self-realization. Everyone is respected in the society without any consideration of his vocation or calling, and his contribution, however humble, is appreciated. That’s why we chose democracy. Why we, Mongolians, love freedom? It is because we earned it in a hard way. It is because we knew that freedom is our property, our right from the birth. It is because freedom gives the ruling power to the people, and not to the hands of particular persons or group of persons. People know that the government in a democratic country cannot be a property of any specific man or family. Democracy is not simply a question of structures, it is a state of mind, it is a state of activity. You cannot be democratic one day, and undemocratic on another. It is a state of mind, it is a way of living, and it is an essence of action. Never people have been so educated, so independent, so agile, so enthusiastic, and so creative. We need to tap that. People know that God did not make rich or poor, powerful or weak. He made only female and male. And he gave them their right as well as their government for their own possession. And because of that, we, the civil servants, regardless of our positions and duties must serve to the interests of all who hired us and pay our salaries. My Hungarian friends, We should never take democracy for granted. Democracy can emerge and develop, but it can also decay. We have to defend democratic principles and manifest our tolerance to the opposition, minorities and respect for the rule of law. The constitution is a sacred document in a democracy. Any party or leader who holds a temporary majority should exercise caution about using that majority. If they impose changes singlehandedly in the constitutional rules, that could be perceived as trying to gain partisan advantage. In Mongolia we made that mistake once some years ago, which has a notorious name “the worsening change”. Until today we are wrestling to reinstate the original principles of our constitution. The lesson is, we all should commit to a fair, level playing field of democratic competition. All governments must maintain power through consent, not coercion. From my quarter-a-century experience as a fighter for democracy, there is never a final victory for democracy. It is always a struggle in every generation, and you have to take up the course of time and time again. This reminds us that we must do our homework, carry our burden, and do what we have to do in our time. But look, make no mistake, we should hold firmly on to our values and not retreat from our common success. We have to keep moving up, from bad to good, and from good to better. We know every power has its limits, but our legacy should contribute to the collective good of humanity. We should leave behind us fair laws, strong institutions, good culture. Our common experience show us that if any democracy is not carefully legislated to avoid an uneven distribution of political power with balances, then one of branches of rule could accumulate power, therefore, becoming harmful to democracy itself. To avoid this situation, at the level of state we are trying to introduce effective institutions to constrain the nearly unlimited discretion of rulers. That means we are putting our effort to build institutions of vertical and horizontal accountability. Let me cite a few examples. First, the genuinely democratic election is the premier institution of vertical accountability. We passed the time when elections in Mongolia were a mine of fraud. There were incidences when not the one who collected, but the one who counted emerged as winner. Computers and machines don’t cheat, but humans do. So we introduced a biometric registration system and electronic ballot-counting machines, becoming the second country in our region to do so. Even in the runs with the closest margin, the election victory is acknowledged by the opponents, without protests, without panic. In our last three elections we used this system. People now come to the polling stations with full confidence that their vote will count, their participation will make a difference. Second, there were times in Mongolia when we had jails, but no citizen halls. In 2009, upon assuming Presidency, I started my first working day by making my office room into a Citizen Hall in our Government House. Since then, all administrative units, all cities, towns and settlements have established such chambers. Every draft decision would be consulted with citizens here. This has become an established tradition in our decision-making system at all levels. But we will not stop here. Even if a citizen is given a right, without fiscal incentives, this right is hollow. Therefore, we established Local Development Fund, and based on a certain formula, mainly on the number of population, people receive funds for their disposal. People discuss their pressing issues according to a rule they collectively adopt, distribute the funds and place control over its performance. Even the most far-sighted leader cannot fully see the problems which community confronts every day, it is the people, as one family, who know their day-to-day

challenges and solutions. This our experience is identical to the direct democracy in Switzerland in ideas, substance and form. Even here we will not stop. In most democracies, people are sick and tired of sweet tongue of politicians. People are not really interested in what politicians talk about, but what they are really interested in is how their hard-earned tax money is spent. Therefore, we introduced a “glass account system” - the Budget Transparency Law. We demand our public officials to publicize what they spend. By Law, they should update their expenditure decisions, the amount of money they spend within 72 hours on internet or in paper in public places, no matter where they work. If they fail to do so, punishment will follow – they will be dismissed from whatever official positions they hold. It is a great joy to serve your nation with the free consent of fellow citizens. In Mongolia we never hide our shadow. If there is honest, open, free media, there is no place to hide, there is no place to do dirty things. If you are honest, you can be honest even in the darkness. Mr. Soros, who stood at the root of this learning institution, said: ”Once we realize that imperfect understanding is the human condition, there is no shame in being wrong; only in failing to correct our mistakes”. I think, the beauty of freedom is that it is a learning process. We can make mistakes, but it will not cost our life as in dictatorship. In Mongolia we have no censorship at all on any media entities. Our law bans government ownership and any form of government control of any media entity. By the number of public and free media and the number of social media users per capita Mongolia is among the top countries in the world. I like criticism, even if it’s unfounded. People have a right for suspicion about the deeds of their representatives and state officials. In my political life I have always been bombarded by my opponents and free media. But I have never written a single complaint to the police or courts against their insult, attacks and grievances. I will keep this principle for the future as well. For we can never intimidate and discourage the people who voice their words with courage. The essence of freedom rests precisely here - in the freedom of expression of the people. And we must protect it. Before heading to Budapest, I had last touches on drafts of Law about Public Hearing, Law on Public Participation, Law on Responsibilities of Elected and Appointed Officials, Law on Procurement and License Permit, Law on Limiting State Commercial Activities, Criminal Law, Law on Administrative Violations and Law on Legal Procedures, as well as the National Program Against Corruption. The drafts of all of these laws were discussed by interested parties, experts and citizens. These are only a small portion of laws which we introduced to improve the quality of democratic institutions in my country. It will in turn help us exercise horizontal accountability between state agencies, branches and officials for their performance. I think, the real test for any public official is not defined by how politicians deliver their social and economic promises, but by how they fight with the misuse of power. Friends, Democracy is a difficult system to maintain. According to a survey conducted by Larry Diamond, a leading contemporary scholar in the field of democracy studies, “one-third of all democracies in the world have broken down since 1974, and among the developing countries the figure is closer to 40%”. The study shows that the most common cause of democratic failure is bad governance. In Mongolia people criticize that ‘my country is poor not because we don’t have money, it is poor, because we don’t have justice’. Every morning when I go to work, I think about this ordeal. To fight the misdeeds of public officials, the role of nation’s leaders is instrumental. Thanks to our national mobilization, the corruption perception index of Mongolia by Transparency International decreased by two-digit numbers in each of the last three years. Corruption is a serious crime, connected with power and wealth. Those who commit that crime using their power, money and connections, try to create the court of public opinion to escape the court of law. The challenge of corruption must be addressed. Corruption is a true enemy to development. It devours the fruits of hard work of people. It destroys the fundamentals of fair, just and secure society. It makes government less efficient, less effective and less accessible. Corruption is a brutal force capable to destroy institutions, values, culture, nations. To exterminate this evil the whole society must fight. At the end of the day, people painfully pay all the prices of bad governance and corrupted behaviours. The hope is our people, intolerant to corruption and abuse of power. I am grateful to my countrymen for tirelessly demanding reforms in the judiciary. Aligned with our society, we started a comprehensive judicial reform to replace the “Vyshinsky” judiciary system by the people’s judiciary. We had more than 20 laws to adopt to accomplish this task, half of which we approved and are enforcing. So we are passing the hardest hurdles on this mission. People’s confidence in fair court of law is being restored. Decisions of courts of all instances are now published and updated on internet daily. Judges’ salary on average is three-fold higher than the average wage in Mongolia. Judges have been separated from administrative burden and now exclusively engage in their professional duties. Similar reforms are being conducted in other branches of our legal system. We know that a high-quality democracy requires politically neutral state. Over the past years, one of the hardest challenges we faced was changing the mind-set of the people. It was hard to change the way of thinking than the system. In our case, our civil service is still called “a state service”. They are highly partisan, rent-seeking, extremely dependent on election results, and often they work as clients of those in power. The brightest and most talented are not attracted. As fresh air, a merit-based, ethical and highly professional civil service is needed. For this to happen, we are working to change the existing bad cultures in relation to state service, political party, political financing and so on. In order to sustain a healthy society, we must keep it tidy every day. It is true that power corrupts. The hope at the polling stations and the actions of the elected representatives, unfortunately, often turn to be opposite. The power of ballot turns into the power of wallet. Some law-makers become law-breakers. This fact seriously endangers the genuine trust of the people in democracy. We have to remember our gratefulness to the citizens on the election night in all our days when we are in office. In my country, politics itself has become a serious problem. The government is expanding. Look, here I have two phone sets. This one we used when mobile phone was first introduced. This one is a typical one we use today. You see the difference? As functions increase, phones tend to become smaller, smarter and more user- friendly. However, as government functions increase, it becomes bigger, sluggish and distant. So, as a strategy to tackle this menace, I put forward a Smart Government initiative. Today we need to use technological advances in order to meet our people’s needs and serve our society better. We have to design our public administration smartly, simply

and securely, similar to a dashboard and services in an airplane. But in our reality, our airplane’s dashboard and services are not properly functioning. Imagine you are on-board there. In this conjunction, we are taking drastic measures. We put moratorium on establishing new state enterprises and limiting government’s commercial activities. We are ending with government equity shares. Besides, one-third of our existing permits and licenses are eliminated, one-third we shifted to private institutions and professional organizations, and the remaining one-third of essential ones will be offered through internet. I also suggested that budget allocations be stopped to unnecessary administrative bureaucracies. What do you think, what people want from their governments? Simple. A better life for themselves and for their children. Government that is fair, just and responsible. Ladies and gentlemen, We know that dismantling old oppressive regimes is a great deal faster and easier than building new flourishing democracies. Chinggis Khaan once said: ”It was easier to conquer the world on horseback than to dismount and govern.” What I spoke about today proves the truth of this wisdom. True validation of democracy lies less in what we tear down, and more in what we build. I think it can be done because this generation understands better than any of the previous generations what’s going on. Real progress comes from people. In other words, if democracy is to be rebuilt, if it to come again vigorous and vibrant, we have to believe in our people, who know their rights, who tame the advances of technology, better than us, the politicians. Today people become more connected, so more knowledgeable, they become more organized, so more demanding. Instead of begging people’s trust, we politicians have to learn to trust our public. The first step into justice begins with the politicians. You have to demand from yourself what you demand from people. It is not a question of what citizens do; it is a question of what politicians do. Not only new technologies emerged, but also a new generation has emerged. A new world has emerged. Then, the legitimacy of governments will ultimately depend on active and informed citizens. So if governments don’t work for the people… People, I have a single message for you – organize! We cannot rest here. There will be another tide of change, another tide of challenge, from physical disarray to failed states, from weapons of mass destruction to global warming, from uncertain supply of energy, food, water to new challenges to freedom and security. We are the first ones in whole human history that has technology and money to resolve the global problems. Only fraction of money and technology we spend on wars could solve today’s troubling issues. We Mongolians seek to make our own contribution for solving some of these pressing challenges. In particular, we actively work to ensure peace and security in North-East Asia. Our nuclear weapon-free-zone status was supported by permanent members of the UN Security Council. My country became one of the 20 largest peacekeeping contributors in the world. Recently Mongolia chaired the world’s most reputable democracy movement – Community of Democracies. We established in the Community its Governing Council, Executive Committee and full-time Secretary General. We commenced permanent operation of the Community at the UN in New York and Geneva. By our initiative was launched the new Network of Democratic Leaders, and was adopted the historic UN resolution on Education for Democracy. Mongolia chairs the Freedom Online Coalition, an intergovernmental coalition for promoting internet freedom. In 2016 Mongolia will host the 11th ASEM Summit. The leaders of 53 countries of Asia and Europe will meet in Mongolia on the 20th historical jubilee of this renowned organization. I thank the ASEM Member States for supporting Mongolia’s initiative to host ASEM Summit in acknowledgement of the success, achievements and hard-work of the Mongolian people. These shared successes give us hope, but they should not give us rest. Thank you for your attention.