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Fiscal and Tax Policy of Bogd Khanate of Mongolia (1911–1919)

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Abstract: As a result of the prolonged struggle for national independence, the Mongolian people, who endured over two centuries of oppression under Manchurian rule, regained sovereignty in 1911 and established the Republic of Mongolia. During this period, significant economic, social, and political reforms were initiated, laying the groundwork for the national financial system. This article examines the social, political, and economic landscape during the Bogd Khanate of Mongolia. Research into the tax and financial policies implemented during this period was conducted using historical documents and sources. Within the framework of Mongolian governmental financial policies, five ministries were established, accompanied by the enactment and implementation of various regulations about finance, taxation, and customs. Efforts were made to enhance state revenue; however, the accumulation of debt owed to foreign moneylenders and merchants, coupled with the taxation burden on Mongolian citizens, including payments to domestic nobles and religious institutions, exacerbated poverty and economic hardship among the populace. In June 1915, the autonomy of Mongolia, as stipulated in the treaty between Russia, Mongolia, and China, was abolished in 1919, resulting in the reassertion of foreign control over Mongolian governance.

Keywords: autonomous Mongolia; socioeconomic conditions; taxes; finance; tax policy

1 Introduction

The Mongols were under the oppression of the Manchus until the beginning of the XX century. During this period, the Manchus not only collected taxes from the Mongols,

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but also imposed the nine-white tax, took deer fur and deer meat, and collected the necessary expenses for the Manchu administration and temples. In addition to paying services and taxes to the Manchus in money and goods, the Mongols also physically maintained horse stations, expenses, and communication offices. All this was a huge burden on the economy and livelihood of Mongolians. Also, the people of Mongolia realized that the new government's policy aimed at increasing China's influence in Mongolia, which was implemented by the Manchurian state, posed a great threat to the existence of Mongolians, and the people of Mongolia saw rebuilding their state as the only way out of the danger.

Therefore, at the beginning of the 20th century, there were many uprisings against foreign invasion, Manchurian and Chinese oppression in Inner and Outer Mongolia. In the struggle for Mongolia's independence, the leader of Mongolia's religion and the teacher of the Zoroastrian religion of the whole Mongolian people, VIII Bogd Javzandamba Khutag played an important role. Other leaders who fought for the national freedom of Mongolia, using the great influence of Bogd Javzandamba, well understood that the basis of success was to unite all Mongolians under the banner of God.

The struggle for the restoration of the country's independence became more and more active in 1910, and Mongolian princes decided to withdraw troops from their respective regions. First of all, Tusheet Khan and Setsen Khan collected about 500 soldiers from the province and then increased to about 1500. 10 soldiers from each of the 47 guards of 4 provinces were mobilized.

On December 1, 1911, Mongolians declared to the masses that they had the right to become an independent country and that they were fighting against Manchu and China. On December 3, 1911, freedom fighters abolished the official calendar of the Manchurian state. On the 12th of December, the 4 provinces of Khalkh, Khiagt Guard Station, and on the 17th of the same month, the headmen of the Shili River, Ulaan Tsav, and the Great Assembly Hundred, and the heads of Alasha Van, Darganga, and New Old Barg Khos, sent troops to their territories. ordered to clean the land from the Manchus.

As a result of many years of struggle for the national freedom of the Mongolian people, Mongolia was established in 1911. On December 29, 1911, the Mongols returned the Manchu Amban of Khureen to their homeland and took over their administration. On the 29th, they declared their independence, declared the year "Olnoo Ascended" and declared the name of the country as "Mongolian Nation", honored the nobleman and hoisted the yellow flag (Kuzmin 2015). The Mongolian name used is generally "Olnoo urgugdsun Mongol Uls" (State of Mongolia Elevated by the Many) or "Khaant uls" (khagan country) (Batsaikhan 2008). The name "State of Mongolia Elevated by the Many" even expressed the idea of Mongolians, and because of the opposition of foreign countries from the day the name was given, it was no

longer a state title, but it was changed to the title of the year of the country's founding. Therefore, the year of establishment of the State of Mongolia Elevated by the Many is called the first year of Elevated by the Many. In some historical sources, the name of Mongolia, which was conquered by Olnoo, is written as "Bogd Khanate of Mongolia", "Autonomous Mongolia", "Mongolian Kingdom", etc.

Thus, Mongolia regained its national independence more than 200 years after it was conquered by Manchuria. As a result, Mongolia became the first country to overthrow colonialism, freed the country from foreign oppression, and marked the beginning of the renaissance of Mongolians. Many cultural, economic, and political reforms were carried out during the rise of Mongolia.

The Bogd Khanate of Mongolia was an immeasurable kingdom with a total land area of 1.8 million square meters (Walter 1926) and a monarchy or a combination of religion and state. Javzandamba nobleman was honored as the head of state by King Bogd VIII. Namnansuren (1912–1919) served as the head of the government.

Since the establishment of the State of Mongolia Elevated by the Many, the Mongolian tribes have been fighting tirelessly for the recognition of Mongolia's independence by two great neighbors and other countries (Mongolian Institute of History 2003) but the Middle Civil State, which had just been established, considered itself the successor of the Manchu-Qing state and Mongolia as one of its provinces. Bogd Khan's government notified the governments of France, England, Germany, America, and Japan that they had restored their independence, but they did not receive a response. and Russia and China greatly hindered the establishment of contacts with the rest of the world.

In the agreement between Russia, Mongolia, and China, which lasted for more than 9 months in Khiagt and ended in June 1915, Russia and China declared that only Outer Mongolia was an autonomous country under the suzerainty of the Middle Civil State and a protectorate of Russia. forced to wait. Inner Mongolia has become a part of China.

The Mongolian autonomy established by this treaty was overthrown in 1919 by the invasion of the Great Empire by the Chinese general Xu Shuzhang. On November 22, 1919, a ceremony was held to destroy Mongolia's autonomy. After the ceremony, the seals of 5 ministries were sealed, and the case was escorted by Chinese soldiers. Thus, all the powers of the foreign Mongolian government fell into the hands of the brutal Chinese general Xu Shuzhan.

Although Mongolia's autonomous state, or the history of Mongolia, which is marked in history as the country of great prosperity, lasted for a very short time, it carried out economic, social, political, and cultural reforms and implemented financial and tax policies aimed at reviving the economy of the poor country. In this article, we have briefly considered the financial and tax policies of Mongolian history.

2 The Social and Economic Conditions of Bogd Khanate of Mongolia

The economy of Bogd Khanate of Mongolia, which has grown in number, has developed weakly, based on traditional pastoralism. “Mongolians have bred horses mainly for riding and drinking, sheep for meat, wool and skins, cattle and camels for riding and milk, and goats for cashmere”. They also made shoes and clothes out of animal skins. This shows that Mongolians provided food, clothing, and shelter for their five-headed animals, which are essential for human survival. In this regard, Bruno De Nicola writes that the main wealth of the Mongols was pastoralism and animal husbandry (Bruno 2017).

Although the Bogd Khanate of Mongolia was established and the Manchu oppression was destroyed, the Bogd Khanate, which remained in a semi-colonial state, faced many difficulties and difficulties in managing the country's finances and economy. Among them:

1. In Mongolia, Chinese, Russian, European, and American capital entered the economy strongly, and the people's lives continued to deteriorate due to the increase in taxes and debts.
2. Chinese, Russian, European, and American capital European-American representatives of trade and industry used to export Mongolia's animal husbandry raw materials at cheap prices through Chinese merchants. For example;

From Mongolia to Tianjin, in 1912, 103,019 bushels of camel wool, 43,800 bushels of goat cashmere, and 979,512 bushels of sheep wool were exported. Most of the camel's wool was shipped to England, and all the sheep's wool was shipped to America (History of the Mongolian People's republic 1968).

3. The economic capacity to form the state budget was poor. Because the source of increasing the state's treasury is not clear and there are almost no savings, the government of Bogdgegen had great difficulty in forming the budget.
4. No national currency.
5. Currency of foreign countries such as Chinese Yanchang, Russian tselkov or ruble, Mexican, American dollar, and other metallic silver and gold coins were circulating in the economy and trade.
6. In some places, especially in rural areas, sheep and cattle were the main means of trade. In other words, there was a barter system in which goods were exchanged for goods.

In such a difficult situation, it was not easy to raise the state's financial resources, and due to budget deficits, it was forced to borrow money from other foreign countries and, in some cases, foreign firms. In other words, at the time when independence had

just been declared and the monarchy had been established, not only the state finances, but also citizens, princes, and princes were in debt, so it was not possible to provide the state finances with internal resources. However, Mongolia, which had just gained its independence, had almost no country to offer financial assistance. In 1911, when China regained its independence, China, a neighbor to the south, which was under the oppression of Mongolia for many years, included Mongolia as a part of China and a state in its Constitution. Therefore, the issue of borrowing from China was out of the question. On the other hand, Tsarist Russia, the northern neighbor, did not have any agreement with Mongolia, but as a neighbor, it wanted to expose its political and economic influence in Mongolia, which allowed it to get loans at that time.

Budget income could barely meet the needs of the state apparatus and government. According to S.A. Kozin, the financial adviser at that time, the total revenue of the budget was 707,418 rubles (Shirendev 1969). In 1916, the revenue of the budget was 6 million, and the expenditure was more than 6 million rubles (Dendev 1934). Year after year, the state budget was in deficit as the income could not cover the expenditure. Therefore, to cover the annual budget deficit, the government of Bogd gegen received a loan of more than 5 million rubles 3 times from Tsarist Russia starting from 1913. It includes:

- 100,000 rubles for 10 years in 1913.
- 2 million rubles in 1914 to strengthen the military and administration.
- Later, 3 million rubles of loans were taken for a period of 30 years.

In this way, these loans obtained under the agreement between Mongolia and Russia on borrowing from Russia, not only failed to meet the financial needs of the Mongolian government but also became the beginning of the way for our country to become financially dominated by others. For example, the agreement states that “a citizen of Great Russia has the right to enter and exit Mongolia, as well as sell goods, and has the exclusive right not to pay customs rent and other taxes.”

After the Manchurian and Chinese rule disappeared and Mongolia's independence was declared, the debts owed to the Manchurian government and Chinese traders and moneylenders were supposed to be canceled, but the government of Bogd decided to pay all debts to the people. Before the independence of Mongolia, from the period of the Manchurian state until the end of 1912, the debts of the people and herdsmen in the branch of the “Warrior State Bank” in Mongolia became huge, and on average, 500–1000 lan per household, nobles or nobles and monks the debt reached 11 million lan, and the interest was increasing. At that time, foreign firms cleverly used poor state finances and financial resources to increase their profits by keeping a large amount of money on hand and lending it to ordinary people at various interest rates. It was a form of underground economy.

One of the issues that Tsarist Russia repeatedly raised with the Bogd government was the installation of a Russian adviser in Mongolia. He was pressured by the Mongolian government to grant loans to Mongolia. From 1914, this advisor who settled in Mongolia from Russia had the hidden responsibility of monitoring the economic and financial situation of Mongolia. From this time on, Tsarist Russia gained the opportunity to control Mongolia's economy, finance, and budget.

However, historians have mentioned that the Russian advisers took the initiative to introduce Mongolia's financial resources to the government, although they did not make a significant contribution to Mongolia's finances. For example, S.A. Kozin, the first consultant from Imperial Russia, came to Mongolia and studied the economy and finance of Mongolia. He founded the "Financial Consulting Department" with a staff of 25 people, and the expenses of the department were collected from Mongolia. Kozin and his advisers have studied and determined the main causes of Mongolia's financial and budgetary difficulties. It includes:

1. There is no unified procedure for imposing and confiscating taxes and rents at the national level.
2. There is no regular monitoring of tax and rental income.
3. Weak professional knowledge and skills of financial department employees.
4. There is no involvement of state forces (police) in the collection of income.
5. In addition to not complying with state laws and regulations in the county, students, guards, and localities, foreigners conspire with them and evade taxes by putting a small amount of money into the state fund.
6. Foreign citizens are using land, pastures, agricultural land, and digging mines without any tax or rent.
7. Foreign citizens lease a small amount of pasture, land, and agricultural land by signing a contract, but they use a larger amount of land under the guise of it, causing damage to the country.
8. The land and other rent prices set in 1912 have not changed in the past 3 years, which is a condition for losing a significant opportunity.
9. Many foreigners earn income by hunting and fishing, but no taxes are collected from them.
10. It was concluded that the tenants of hay and agricultural land are still using water by drawing canals from rivers, but they are not being taxed (Sharav 2011).

Based on this, it was suggested that the following activities should be carried out to organize control, inspection, and organizational work and increase the state's income. It includes:

- Change the temporary appointment of a person responsible for tax and rent control and appoint a permanent person.
- Tighten customs controls on goods brought through the border and customs and impose fines in case of violations.
- To increase the financial income of the state by signing contracts with every foreigner who is engaged in trade, industry, service or any other business such as hunting, farming, and fodder preparation.
- For this purpose, the establishment of “probable inspection ports” on the northern, southern, southeastern, and western borders will enrich the state’s finances.
- Establishment of a department responsible for monitoring the operations of ports.

In addition to paying debts to foreign merchants and moneylenders, the Mongolian people paid taxes to many domestic princes and monks as before. In such a situation, poverty and desolation prevailed among the Mongolian people, they suffered from hunger, and life continued to deteriorate, so the mass movement and struggle against paying debts to greedy Chinese merchants and moneylenders began to take place. For example:

1. In 1913, the Ard Ayush movement, which rose against Manchurian oppression, greedy Chinese merchants, and domestic oppression in Darkhan Beys Manibadar Cape of Darkhan Khan Province, was revived in 1913 and had a proper impact on the entire Mongolian people.
2. In the summer of 1913, a group of soldiers from the Khujirbulang military school fought with Russian instructors and started a riot demanding payment of salaries. In 1914, the military uprising under the leadership of D. Sukhbaatar was well organized and achieved a decent success.
3. In 1915, the soldiers of Khureyani, who had not been paid for many months, reached the point of starvation and rebelled.
4. Also, because the arbitrary behavior and oppression of domestic cruel lords has become too much, their cruel behavior has been exposed in public, and calls to end the oppression and start a new life have appeared in the “Newspapers of the Capital Region”.

Following the socio-economic conditions of the time, the Government of Bogd Khan, in its historical initiatives, actively worked towards the establishment, development, and implementation of national financial policies tailored to the prevailing economic circumstances. Figure 1 shows the goals and direction of the financial policy of Bogd Khanate Mongolia.

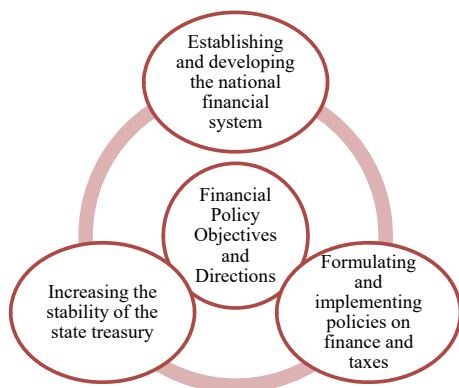


Figure 1: Objectives and directions of the financial policy of the Bogd Khan's Government.

3 The Origin of the National Financial System

The struggle for the national freedom of the Mongolian people was won, and from the day after the re-declaration of Mongolia's national independence, any income tax in Mongolia will go to the Mongolian State Fund instead of to the Manji, which is aimed at solving the problems faced by the country's economy and then strengthening the economy. the policy has been implemented.

On the 9th day of the new year of the first year of Olnoo's ascension, i.e., December 29, 1911, according to the order of the Bogd Emperor, five government ministries were established, and ministers and officials were appointed (City Governor's Office 2021).

Among them, with the establishment of the "Ministry of All Financial Affairs", after Mongolia regained its national independence, the foundation was laid for the implementation of financial and budget policies, and the restoration of the national economy. The head of the Tusheet Khan Province Assembly, Governor Gadinbalin Chagdarjav was appointed as the Prime Minister of the Finance Ministry, and the Governor of Setsen Khan Province, Bishrelt van Purevjav Dorjceren, and the Governor of Khan Province Mr. Sartuul Tsetsen van Nasanbuyanjargal Jaltsan-gombotseden were appointed as Deputy Ministers.

The Bogd Khant Government and the Ministry of Finance are in charge of all the affairs of the government and the Ministry of Finance. To overcome the situation of animal husbandry, underdeveloped industry, and trade, lack of national currency, and lack of educated workers, re-develop the country's economy and create a financial system. faced a difficult task. At the same time, the Russian Empire and the Middle Civil States were competing to bring Mongolia under their control, and they were making various attempts to gain access to Mongolia's economy and strengthen

their influence, openly and secretly, which caused great difficulties and obstacles in the implementation of the country's financial and economic policies.

The Ministry of Finance of Mongolia, which is in charge of all affairs, has started collecting and spending funds in the state treasury. First of all, the people of Mongolia started to implement the policy of completely stopping the payment of tribute to Manchuria and dealing a heavy blow to the capital of Chinese trade and money-lenders. For this purpose, the Ministry of Finance shall determine the structure, organization, duties, and objectives of all affairs of the Fund, shall determine the structure, organization, functions, and goals of accumulating the state fund, submit the budget income and expenditure estimates and reports to the King, evaluate and preserve the gold, silver, and valuables stored in the state treasury was engaged in monitoring the spending.

In order to regulate the activities of the Ministry of Finance, the “Rules of the Ministry of Finance” were developed and approved by the King. The rule states:

1. Keep the fund money in a special chest.
2. Keeping state income and expenditure very detailed.
3. State income and expenditure reports should be issued in the month of the White Month and July and reported to the Bogd Khan.
4. Punishment if the appropriate officials sell or use the gold, valuables, and tselkov paper, whose exchange rate is always changing, stored in the state treasury.
5. Monitoring the activities of the state organization financed by the state fund through the accounting method.
6. State funds should not be misused by anyone.

In 1918, the state population census was conducted, and during the census, labor, trade, and handicraft workers were studied and recorded, which became an important step in determining the objects to be taxed in the future and planning the budget revenue

According to the census, there were 101,792 people in Setsen Khan Province, 100,224 in Tusheet Khan Province, 133,860 in Sain Noyon Khan Province, 70,241 in Zasagt Khan Province, 70,387 students in 4 provinces, 16,000 students in Khuvsgol, 50,000 in Hovd Region, and a total of 542,505 people. Also, including 100,000 Chinese and 5000 Russians living in Mongolia, a total of 647,504 people were registered (Maiskii 2001).

Along with the population census, the government of Bogd Khanate of Mongolia conducted a livestock census in 1918, which provided a more realistic overview of the number of livestock in the country. According to the Russian scientist I. Maiskii, in 1918, the total number of livestock in Mongolia was 12.7 million, including 1.5 million horses, 1.4 million cattle, 300 thousand camels, and 9.5 million sheep and goats.

In the population and livestock census of 1918, the population and livestock of the khoshu from Ikh Shavi, Durvod 2 provinces, Inner Mongolia, Barag and other areas were not included, only all khoshuu of Khalkh 4 province were included. According to this census, about 30 % of all households counted their livestock. Although it is clear that the number of animals has been suppressed, re-counting would require a lot of time and money, so by the order of Bogd Khan, the census results were officially calculated.

The government of Bogd Khant Mongolia started agricultural activities to support the country's economy. In the official letter of Minister of Finance Chagdarjav dated March 18, 1913, directions were given to continue planting crops in Khovd territories, to send 200 soldiers from Khalkh 4 provinces, and to prepare crops and vegetables for the military (National Central Archives Fund n.d.). As part of this work, in March 1914, regulations were issued on farming. According to the regulations, for the first time, the state provided material assistance to the farmers, and after sowing, it was decided to keep 1 % of the grain as seeds, 1 % to be given to the state fund, and 1 % to be distributed to the people of the province. However, this decision was ineffective and was repealed in 1919.

The authorities of the region focused on restoring the country's economy and increasing its financial resources by using its natural resources. For example, in the summer of 1912, the Ministry of the Interior told other ministries, assembly leaders, and generals that "although our country has been living on animal husbandry products, it is a high risk due to natural problems. Therefore, let's use the wealth of the land that is left without looting it in foreign countries. If it is written at the beginning," During the rule of the Eastern Qing Dynasty, our people, together with all the Mongolian provinces and students, fought against the attempts of Manchus and China to make a profit by digging gold in our Mongolian land, which prevented the loss of the wealth of our land to others. Now that Mongolia has established its own state, how can we not follow the old customs like this? Many countries have become powerful as a result of benefiting from the land on their territory and exploiting their natural resources. Although the productivity of a few animals in our Mongolia is good, it is appropriate to take into account the fact that the number of animals dying in recent rains and snows has increased due to the fact that they cannot withstand the rain and wind. Before distributing this proposal to many places, Bogd read it and made the following stroke with a red brush. It says:

There is no difference between the past and the present ... It is better to discover places with gold, but not to excavate and destroy it ... It is better not to excavate places with sacred emblems ... It is better to discover what other rich resources there are than gold alone (Zaankhu and Altantsetseg 1999).

During the Bogd Khanate of Mongolia, small factories were established and operated. Some of them are:

- 1. Mongolian gold mine owners had permission to build a steam-powered mill on the banks of the Kharaa River.
- 2. In 1912, the representative office of the Ministry of Trade and Industry of Russia was established.
- 3. In 1915–1916, the coal mine of Nalaikh worked.
- 4. In 1915, a joint Russian-Mongolian publishing house was established.
- 5. Established by the Mongolian National Bank in 1915.
- 6. A telegraph committee was established to connect Middle Eastern countries, Russia, and Mongolia, as well as Uliastai, Khuree, Hovd, and Khiagt.

Although these factories faced the problem of wear and tear due to low capacity, low income, and lack of financial resources, they contributed to the enrichment of the national fund.

The ministers who were in charge of the financial department at that time made a significant contribution to increasing the financial resources of Mongolia, which had almost no economic sector other than animal husbandry. Please see Table 1 for the positions and tenure of the ministers who led the finance department of Mongolia, which has been promoted by many.

In particular, the initiative and enthusiasm of G. Chagdarjav, who held the position of the Minister to Rule All and the Prime Minister to rule all the affairs of the Fund, played an important role. Please see Figure 2 for the picture of Chagdarjav, the minister who rules all the affairs of Mongolia, and the prime minister who rules all the affairs of the Fund.

He initiated many works and diligently implemented them. For example, the 2 percent commission received from the gold mine was increased to 16.5 percent, and the “Mongol-Or” gold mine contract was renewed with Russia. In 1912, the Customs Department of the Ministry of Finance was expanded, and the Ministry of General Punishment of Customs Cases was established. The ministry is responsible for the customs affairs of major bases such as the Capital Region, Hovd, Khiagt, and Uliastai.

Table 1: Ministers of Bogd Khanate of Mongolia who led the finance department of Mongolia.

Name	Period of duty	Position held
Chagdarjav	1911.12.29–1915.7.16	The minister who rules everything, the prime minister who rules and punishes all affairs of the Fund
Luvsanbaldan	1915.9.6–1918911.12	Minister of Finance

Source: (Sharav 2011).



Figure 2: Gadenbalyn Chagdarjav, the minister of the Ministry of Punishment, is in charge of all fund affairs. Source: Wikipedia-Bogd Khanate of Mongolia.

This ministry contributed greatly to the increase of budget revenue by imposing customs duties on imported goods and exported livestock and livestock products. Also, at the beginning of 1912, a uniform norm to be followed regarding salaries and other provisions for government employees from the state fund was established and implemented under the hand of Bogd Khan. In the framework of this work, the salaries of the officials of 5 ministries and the amount and price of candles and firewood to be provided by the state fund during the cold season have been determined. In this way, Chagdarjav established the first norms necessary for planning budget expenditures for Mongolia. At the same time, in the spring of 1913, a large-scale meeting of representatives of the 4 provinces of Khalkh, governors, and high-ranking officials was organized in the capital. The consultation determined the amount of tribute to be levied and paid in all provinces. However, by the beginning of 1914, only 25 percent of this fixed amount of tribute had been paid, which was insufficient to meet the government's financial needs.

On the one hand, the non-payment of the prescribed tribute was the result of the high-ranking officials, high-ranking officials, and high-ranking monks who were

in charge of the locality, and the middle-ranking officials, who were proud of themselves and ignored the government's work, secretly opposed it. On the other hand, this consultative decision could not become a binding law, due to the fact that it was not clear what responsibility would be taken in case of non-compliance.

In addition, some intellectuals and officials of that time, such as Manlaibaatar Damdinsuren and Prime Minister Namnansuren, were very concerned about how to increase the state's financial resources in a situation where the country could not meet its needs with internal resources, and the Tsar took a small loan from Russia but could not cover the state's expenses. suggestions and initiatives were submitted to the upper and lower assemblies of the state. They proposed to increase the rent of foreign mines, to use precious stones and iron, and then to make their own metal products, to mint coins or to print paper money, to reduce the number of civil servants, and to postpone the payment of foreign debts. But most of these proposals have not been implemented. But in 1915, by making changes in the structure of the government, about 5 % of the budget expenditure was saved.

Also, Chinvan Khanddorj, like in Manchu, came up with the idea that people who donate money to the state fund can be encouraged with rank. Chinvan Khanddorj, who first came up with the idea, donated 20,000 tselkov to the state fund. The report of the fund shows that in the first 2 months, 85.6 % of the salary equal to 479,255 tselkov was accumulated and earned by lending with interest. From 1918, it was decided that the work would not be done on a voluntary basis, but 60,000 tselkovs would be imposed on each of the 87 counties of the 4 provinces of Khalkh to help the state fund, and it continued until 1919.

During the time of the rise of Mongolia, not only the government authorities, but also the people who have the desire to develop the country, and the ordinary people, made many suggestions and initiatives aimed at strengthening the country's economy and improving the people's condition. Some of them are:

1. According to an issue of the "Newspaper of the Capital Region" published in the region, if Mongolians are not trained to plant crops and engage in handicrafts, the state fund will not increase. An article was published saying that if there are no cooperatives in Mongolia, trade will not develop. According to the article:

If Mongolia's agricultural industry develops, there will be plenty of food and drink. People's lives will improve if they learn to produce cloth, cloth, buckets, spoons, cups, matches, and candles by themselves. (Newspapers of the metropolitan area 1917)

2. In 1915, Tusheet Khan proposed to the lower assembly of the state to establish a bus station between the provinces of Meerindorj and to impose station service on the disciples of Bogd Gegeen.

3. In March 1916, Reverend Yondonjamts, who was left behind by the Great Disciple, presented a presentation sheet to the state assembly (which was established in February 1914 to discuss any state issue in general, with an upper and a lower chamber) that contained his proposal to increase the state's wealth by using tea plants grown in Mongolia. In the introductory page, If 7 types of tea grown in Mongolia are collected and used throughout the country, there will be no need to buy tea brought by foreigners at high prices. (Bogd Khan 2023) Also, the state's income can be increased by renting teahouses to foreigners.

Although these proposals and initiatives were supported and not implemented, they show the progress of the Mongolian people's ideals at that time.

4 Financial and Tax Policy during the Period of the Bogd Khanate of Mongolia

The main source of the Bogd Khanate of Mongolia was income from taxes. Taxes consisted of customs duties, taxes on livestock, trade and transaction income, taxes on land, hay and pasture, logging, and taxes on Chinese citizens, and later taxes on natural minerals and resources such as gold and salt. The first source of the state budget was income and trade taxes collected from the population. Official taxes were collected in white money (hard money), rubles (paper money), goods and livestock. When imposing taxes, wealth and number of livestock were considered.

After the establishment of the Bogd Khanate of Mongolia, the rules for calculating taxes by individual units were issued. According to the regulations, each of Khalkh's 4 provinces had to pay a "personal" tax. At that time, 1 percent was calculated for each 100 head of horses and cattle, except for the dead. But 1 camel was equal to 2 horses (Batbayar et al. 2011).

During the time of Bogd Gegeen's government, in addition to taxes, which were imposed only based on the number of people and animals, another source of increasing budget revenue was rent from the use of land resources, including gold. Therefore, the first measure taken was that gold mines paid a commission of 2 percent of the value of gold, which was increased to a commission of 16.5 percent of the gold mined every month. The contribution was paid in gold or Russian paper money at the current exchange rate to the Mongolian fund. To confirm this, in 1912, the "Mongol-Or" gold mine agreement was renewed with Russia. The first gold mine called "Mongol-Or" was opened at the end of the 19th century in the Tusheet Khan and Setsen Khan provinces during the Manchurian Empire.

Subsequently, in 1913, the government approved the rules for opening and punishing many types of mines within the borders of Mongolia and submitted them to the assembly leaders of all provinces. This 25-article rule includes the following provisions: It includes:

1. If Russia or any other country opens a mine in Mongolia, they will need the appropriate permission.
2. 100 percent of the minerals used from the mine shall be paid the appropriate tax to the state fund.

20-30 percent of gold used in this rule, 15–25 percent of silver and aluminum alloy, 10–20 percent of coal oil, brass, copper, and lead, 5–15 percent of coal and iron, platinum and diamonds 40–50 percent, and 30–40 percent for precious stones such as water crystal (National Central Archives 1913a, b, c).

In this way, the rules, and instructions for foreign countries to use Mongolia's natural resources through concessions were approved, but since Mongolia had not yet been able to establish relations with countries other than Imperial Russia, no concrete work could be carried out in this regard.

The officials who headed the Mongolian government at that time considered underground wealth, gold, and treasure as one of the sources of enriching the state fund, but when using them, they understood their importance for the development of the country in the future and considered it is important to use them with strict control as much as possible. The proof of this is that the legal documents of Mongolia state that no one can use mineral deposits without proper permission, and the penalties for violations are specified. From all this, the government policy at that time was not aimed at restricting the use of underground resources, but it was important to use them under strict control.

The main problem faced in the use of natural resources during the time of Bogd Khanate of Mongolia was the lack of funds, experts and equipment to use it by oneself. Therefore, the use of natural resources was chosen as a concession to foreigners, and a physical representative was appointed to monitor them. For example, a representative was appointed to monitor the activities of the "Mongol-Or" association, which included about 20 mines that were mainly mining gold by hand.

The government control of gold mining was aimed at measuring and recording gold, imposing taxes, customs, and rent, and preventing gold from being bought and sold secretly. For this purpose, the Ministries of Foreign Affairs, Internal Affairs and Finance worked together with the "Mongol-Or" association to develop a 22-point rule for gold mining and signed a special contract with each mine. However, due to the fact that there were quite a few violations of the secret border crossing and buying and selling of gold, by the order of Bogd Khan, a working group led by the Deputy Minister of Finance, Tsend gun, was created to inspect all the gold mines beyond

the capital city and enter the amount of gold reserves, income, and expenses of those mines into the state fund. He calculated and presented the income. As a result of this investigation, measures such as increasing the number of soldiers and policemen in gold mines, and appointing representatives of the Ministry.

Another policy pursued by the Bogd Khan government to increase the state fund by using its natural resources was focused on the use of precious stones and iron ore. An example of this is the agreement on the mining of iron ore in a specific area made in April 1919 in the Ministry of Foreign Affairs and Finance with Russian citizen A.H. Fedenkov. In this agreement, A.H. Fedenkov included the establishment of a cast iron and iron smelting plant, as well as the construction of a railway, but at the end of 1919, the autonomy of Mongolia was destroyed, and this agreement could not be implemented.

Under the Bogd Khan government, some progress has been made in terms of accurate management of the state's income and expenditure budgets and the enrichment of financial resources. The general budget of Mongolia was divided into state budget and local budget. The local budget was used for the current expenses of the provincial assembly and the current expenses, while the national budget was used to finance the defense of the country and the current expenses of the government and ministries. Since 1914, the budget of state income and expenditure has been maintained. In this work, some measures taken by S. Kozin, an official of the Russian Ministry of Finance, and his assistant P. A. Witte, who were appointed as advisers to the government of the Russian Empire in 1914, bore fruit.

All kinds of customs, taxes, and fees had a special role in developing the country's economy and strengthening its finances. Therefore, on the 2nd of the first summer month of the second year of Elevated by the Many (June 2, 1912), the Ministry of Finance wrote a letter of appeal to Bogd Khan, mentioning the importance of customs affairs, establishing a special office for customs affairs, and saying, "A person from the Ministry of Interior, Foreign Affairs, and Finance issued, issued a stamp to punish customs cases in general, and to treat them specially". Bogd Khan accepted this and wrote with a red brush saying, "Collecting customs is an international law, so let's do it." Thus, the National Customs Service was established, and the following plan was drawn up to evade customs. It includes:

1. Select and issue a seal to the minister for general prosecution of customs cases.
2. Appoint officials and establish a customs committee in the capital city, Maymaa City, Uliastai, and Hiagt.
3. To install soldiers in the office of the customs committee and control the bad citizens.
4. Set customs regulations and issue leaflets.
5. To entrust the duty of customs collection to the head office in areas where the customs committee has not been established.

6. Make two copies of the customs-confiscated document and make it a document.
7. 10 percent of the collected money should be left in the respective committees and offices, and the remaining 90 percent should be put into the state fund (General Department of Customs 2023).

After the preparations for the implementation of this plan were completed, on the 8th of the summer month of the 2nd year of Elevated by the Many (June 8, 1912), the Customs Department of the Ministry of Finance, which was in charge of all treasury affairs, was expanded and the “Ministry of General Administration of Customs Affairs” was established. Dorjsereng, deputy minister of the Ministry of Finance, was appointed by order of Bogd Khan. Subsequently, Customs Committees were established in major settlements such as the Capital Region, Naimaa City, Uliastai, Khiagt, and Hovd.

In June 1912, he believed that customs collection rules and procedures should be clear to conduct customs affairs well. A law with 4 classes and 16 articles was drafted, taken to the king for approval, and published in Mongolian and Chinese characters. According to the rules, customs duties and fees are imposed on all goods imported and exported through the border of Mongolia, and their rates are confirmed. It includes:

1. 5 percent for general consumption items such as tea, flour, and rice.
2. 10 percent for alcohol and tobacco.
3. A 10 percent customs duty has been approved for livestock, wool, hides, skins, mushrooms, wood, ostriches, gold sand, and precious stones exported from Mongolia.

On July 28, 1913, customs rules were issued in the Capital Region, Hovd, Hulonboir, and Naimaa, specifying regulations related to customs duties. These rules, comprising 15 articles, outlined the procedures for customs enforcement and established the number of customs duties to be collected from each animal. See Table 2 for this.

At the same time, taxes were levied on what citizens bought and sold. For example, if a customs order is issued for items such as yellow wool, felt, and silk, it is stipulated that each person who gives or receives 1 lan will be charged a customs duty of 5 pung. Taxes were also collected from the things bought and sold by citizens. Among them: 50 pieces of marmot skin cost 7 lan and 5 cen, horse hides costed 1–2 lan, cow hides costed 2 lan and 8 cen, sheepskin boots cost 1 lan, and good compass shoes cost 16 lan (National Central Archives 1913a, b, c). In addition, 5 pieces of paper and 20 mongo were collected for selling livestock in the market.

In this way, the collection of customs duties from traders became an important source of enrichment of the state fund. For example, only in the first month of winter of 1913, 36,637 currency notes were seized from the trade of the capital, in September of the same year, 2463

Table 2: Number of custom duties to be collected from livestock.

No	Livestock type and age	Amount of custom duties to be collected (in lan, tsen, pung)
1.	Male camel	1 lan 4 tsen
2.	Female camel	1 lan
3.	3-year-old female camel	8 tsen
4.	3-year-old male camel	1 lan
5.	3-year-old female camel	7 tsen
6.	2-year-old male camel	6 tsen
7.	2-year-old female camel	5 tsen
8.	Horses and cattle over 5 years old	7 tsen
9.	4-year-old horses and cattle	5 tsen
10.	3-year-old horses and cattle	3 tsen
11.	2-year-old horses and cattle	1 tsen, 5 pun
12.	Ewe, ewes, and ewes each	1 tsen, 5 pun
13.	Ewe, ewes, and ewes each	7 pun

Source: (National Central Archives 1913a, b, c).

from the trade of the citizens of Hiagt, 571 from the customs of the grasslands, and 581 from the trade of the citizens of the Uliastai Customs Committee were confiscated for customs tax (Zaankhu and Altantsetseg 1999).

Since February 2011, foreign nationals and traders have been paying pasture rent for cattle herding and breeding in Mongolia. Among them, a tax of 1 lan per camel, 5 cen each for cattle and horses, 2 cen for small animals, and 5 fon each for lambs and goats were imposed annually. For example, there is a document that the tax collected by the Ministry of Customs from the foreign citizens of the Western and Eastern Committees of the Greater Region (it is written in historical sources that Chinese citizens are citizens) was 3382 lan.

As a result, starting in 2013, foreigners must pay land rent to mow grass and plant crops in Mongolia. The amount of rent to be paid is set at different rates depending on the fertility of the land, soil, and proximity to the foundation. The rental rate, established in 2013, remained almost unchanged until 2019, but the amount going into the state budget continued to increase every year.

In addition to enforcing the customs regulations, during the Manchu Qing state, the people who went to the khoshuu to trade in the capitals paid money to Jurgan zangi. At the same time, they were handing out leaflets stating that “Mongolians should not collect goods belonging to merchants and claim that they are mine, and customs officials should not surprise Mongolians and collect customs.” They also issued a “prohibition of bringing, selling, consuming, and growing drugs from the interior of Mongolia.” Also, in July 1912, “the duty of checking whether foreign traders are bringing firearms was transferred from the officer in charge of the

affairs of citizens of the Capital Region to the Ministry of Customs”. Thus, since the establishment of the customs organization, it has been performing the dual role of tax authority, as well as the role of law enforcement in the case of prohibited and restricted goods such as drugs and firearms.

Mongolia, which had just been re-established, was faced with huge monetary and financial needs and was looking for all possible ways to increase the source of the state’s income. Therefore, the government of Bogd Khan decided to collect customs duties not only from Chinese merchants, but also from domestic or Mongolian trade. This is because, in the first years of the development of the Customs Service, according to the customs regulations, taxes were only collected from Chinese merchants, and customs taxes were not imposed on goods imported and exported by merchants from other foreign countries and domestic merchants in Mongolian. Thus, in 1913, domestic customs were established.

In the first years of the development of the customs service, more than 70 % of the budget revenue of Mongolia was generated by customs revenue, which is proof of the importance of customs tax in forming the financial resources of the state. This can be seen in Table 3.

At that time, the Customs Service not only contributed to the formation of the state budget revenue by collecting customs taxes but also performed the role of crime prevention. For example, there are many documents where the customs authorities detected violations of attempts to import drugs from China, and attempts to export gold from Mongolia. To give some examples, in 1914, a Chinese citizen brought 22 packages and more than 500 jin of drugs on 2 camels, and in the same year, another Chinese citizen imported 12 packages and 38 jin of drugs. In November and December of 1914 alone, there is a document that detected violations of 1682 lan, 9 tsen and 3 pounds of gold by 5 Chinese firms.

At that time, the main factor affecting the lack of financial resources of the state was various types of tax reliefs and exemptions. When Mongolia was under the control of Manchu, there were many religious nobles who had the right to rule Shabi with a special seal from the king, and they were exempted from state taxes with the right to rule their own shabi and collect all their necessities from the shabi. However, this tax policy continued even during the government of Bogd Khan. For example,

Table 3: Customs revenue of Mongolia (1914–1918).

Budget year	1914/1915	1915/1916	1916/1917	1917/1918
Customs revenue (in rubles)	486,720	586,000	977,000	1,369,000
Net budget revenue (in rubles)	673,394	732,000	1,332,143	1,773,397
Share of customs revenue in total budget revenue (percentage)	72.2	80	73.4	77.2

Source: (General Department of Customs 2023).

not only all the princes, noblemen, and some special meritorious princes, but also their 2–3 generations were exempted from taxes. Also, almost 70 percent of Bogd’s shabi did not pay any taxes to the state. In addition to Mongolian princes and monks, several Russian factories and private banks that had been operating since the Manchurian era did not pay taxes at all. In this way, the abnormal system in which the wealthy did not pay taxes and the poor bore the burden of taxes was operating during the Bogd Khan government, which led to insufficient budget resources.

Based on all this, the financial policies and activities of Bogd Khanate Mongolia can be summarized in the following table (Table 4).

Table 4: An overview of the financial and tax policy during the Bogd Khanate of Mongolia.

Policy direction	Activities	Date
1. Establish and strengthen the financial department	“The Ministry of All Financial Affairs” was established, and Governor Gadinbalin Chagdarjav was appointed as the Prime Minister of the Finance Ministry.	December 29, 1911
	The Customs Department of the Ministry of Finance was expanded, and the “Ministry of General Administration of Customs Affairs” was established.	June, 1912
	Domestic customs were established.	1913
2. Enact and enforce laws, rules and regulations	The Custom law with 4 classes and 16 articles was approved.	June, 1912
	Tributes were imposed on all provinces and, set the amount to be paid.	Spring, 1913
	Customs rules were issued with 15 articles, and the amount of customs duties to be collected from each animal was determined.	July 28, 1913
	Regulations were issued on farming	March 1914
	A decree has been issued to support people who donate to the government fund.	1918
3. Others	The “Mongol-Or” gold mine agreement was renewed with Russia and, gold mines paid a commission of 2 percent of the value of gold, which was increased to a commission of 16.5 percent of the gold mined every month.	1912
	Foreign nationals and traders have been paying pasture rent for cattle herding and breeding in Mongolia.	Since February 1911
	foreigners have been paying land rent to mow grass and plant crops in Mongolia.	Since February 1913
	The Government budget income and expenditure have been planned	Since 1914
	The state population census was conducted	1918

Source: Data collected by researchers from archival documents.

5 Conclusion

According to all this, since the time of the Bogd Khanate of Mongolia, financial and tax issues have been forced into an organizational form, and the foundation of the national financial system of an independent country has been laid.

For more than 200 years, the Mongolian people, who suffered from the oppression of the Manchus and the exploitation of foreign moneylenders and traders, fought for their national freedom for many years. In 1911, they gained independence and established Mongolia, which has risen in history. This period of Mongolian history continued until 1919 when the Chinese general Xu Shuzhang occupied the capital and destroyed the autonomy of Mongolia.

The poor economy of Bogd Khanate of Mongolia was based on underdeveloped animal husbandry, foreign capital was heavily flowing into the economy, it was burdened by debt payments, the economy's capacity to form the state budget was poor, and the people's lives were extremely degraded. In Mongolia, in such a difficult situation, it was not possible to finance the state expenses from domestic sources, so Mongolia took a loan from the Russian Empire, which marked the beginning of Mongolia's financial dependence.

Bogd Khan's government established 5 ministries, including the establishment of the "Ministry of Finance" after the declaration of national independence, Mongolia restored its national economy and laid the foundation for the implementation of financial and budgetary policies. First of all, the people of Mongolia started to implement the policy of completely stopping the payment of tribute to Manchuria and dealing a heavy blow to the capital of Chinese trade and moneylenders.

The Bogd Khanate made up the main part of Mongolia's income from customs fees, taxes from livestock, trade and transaction income, taxes from land, hay pastures, logging, and Chinese citizens, and later taxes from natural minerals and resources such as gold and salt. In particular, customs duties and fees had a special role, so the customs office was established, regulations were developed and implemented, and as a result of a specific plan and many measures were taken, more than 70 % of the state's income was accounted for by customs income.

Bogd Khan's government planned to do many things to revive the economy in the future, but in 1919, when Mongolia's autonomy was abolished, it became impossible to implement an independent national financial and tax policy.

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