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Нямдаваагийн Цогсаг

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Summary of the paper

This paper consists of two parts. The first part of the paper extensively discusses the origin and tracks the prominent names and ideas throughout the history of public finance.

The second part briefly analyzes the political party campaign programs during elections to shed light on public understanding of taxation in Mongolia. It studies what fraction of the campaign programs mention taxation and, if so, which taxes they focus on and what changes they propose.

The paper concludes that most of the political party programs during elections propose increasing discrimination in the economy, which contradicts the formula for “a good tax system” in Mirrlees Review.

Main contributions and accomplishments:

The paper takes up an important task of reviewing the current developments and debates in public economics and intend to lay out the major questions that we should address going forward. It is a particularly timely topic in Mongolia as tax laws were substantially revised recently in 2020, and people are paying more attention to taxation due to the E-receipt program.

The paper gives a broad view of public finance starting from its origin and how has it been evolving over time. It also mentions how taxation relates to other fields such as economics, accounting, finance and law.

Moreover, it attempts to analyze the compatibility between the tax research and the public perception of taxation in Mongolia.

Main comments/suggestions:

- **Part 1: History of public finance**

- Coverage of the literature: the authors state that it is enough to look at the handbook chapters to understand the current developments in public finance. However, the latest handbook chapter was published in 2013. Thus, the paper fails to account for the last nine years of research, the period where there was a surge in empirical research. This is because of the increased availability of administrative data and the willingness of governments to collaborate with researchers around the world. For example, new empirical approaches such as bunching have been developed and matured mainly in the last decade.

- A potentially meaningful addition to the paper is to review the domestic academic research in public finance. It would be interesting to see how well the domestic and international research fit together.
- Structure of the paper: I suggest that the introduction should be rewritten. An introduction should give a broad view of the paper — state its motivation, summary of the main contents and a conclusion. Moreover, the main text should be shortened substantially by moving some inessential details to footnotes.

- **Part 2: Public understanding of taxation in Mongolia.**

- The authors should explicitly explain why they analyze the political party programs to understand the public perception of taxation in Mongolia. It is not clear why the former is a good proxy for public understanding in the current version of the paper. If the link has been documented in other research, they should cite them and explain the logic in the text.
- It would be even better to have direct measures of public understanding such as polls or survey questions to measure how people think of taxation in Mongolia. However, it might not be readily available to the authors.
- In the conclusion part, they state that most political party programs promote discrimination in the economy. They should give more details about how and what type of discrimination is discussed in the programs. Depending on the type of “discrimination” they can be consistent with the current trends in public finance. For example, one of the hot topics in public finance is to tax the super-rich more to decrease inequality by adopting progressive wealth and income tax. In this sense, academics propose to “discriminate” the super-rich people.
- I suggest that they should clarify how the two parts are linked together. Also, by looking at the big picture, it is not very surprising to have a contradiction between academic research and policy/public perception. One can give many reasons using economic concepts such as externalities, coordination and market failures. Also, political economy elements become relevant as mentioned in the paper (government failures). In my view, academic research, such as this current paper, should lead and guide the government policy and public debates. Hence, it would be meaningful if authors could discuss how we should address such inconsistency between research and policy/public perception.

Minor comments/suggestions:

- The paper explicitly states that it reviews 8 academic articles, 2 book chapters and 2 books. It should explain why specifically these books and papers are chosen.
- I recommend rewriting the English abstract as there are some grammatical mistakes. Also, there are some inconsistencies between the Mongolian and English abstracts, including the period they cover in the political party programs.
- I suggest using a consistent citation method throughout the paper. Sometimes the authors use Author (year), and sometimes, they add journal names and pages.

I think this paper takes on an important topic and such research should be included in the “ECONOMICS: THEORY AND PRACTICE” journal.