

# Medvedev Says Need to Optimize Spending

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The government, facing an economic slowdown, will have to focus its spending efforts on priority areas, Prime Minister Dmitry Medvedev said Monday.

Medvedev was addressing a meeting of a fiscal planning commission at which new figures were released showing that federal spending would rise by only 3 percent in nominal terms next year.

That represents a sharp slowdown from spending growth of 17.8 percent last year, stoked by pre-election spending that helped President Vladimir Putin win election for a third presidential term.

"It's obvious that, in the difficult current circumstances, we need to concentrate resources on key programs," Medvedev said. "I also hope it is obvious to everyone that it will also be necessary to spend efficiently."

Medvedev's comments echoed the tone set by Putin in his annual budget statement on June

13, when he said the government could not continue to raise spending forever.

The Finance Ministry is likely to run a small budget deficit in the next three years, thus breaking Putin's promise of balancing the budget till 2015.

Putin reshuffled his economic team on Monday, and his new economy minister, Alexei Ulyukayev, said his primary task in government would be to stave off a possible recession.

Economic growth, at 1.8 percent in the first five months of the year, has fallen to its slowest pace in four years.

Under the draft three-year fiscal plan, the pace of nominal spending growth will pick up in 2015 and 2016. Finance Minister Anton Siluanov should submit his budget to parliament in the fall.

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