

Russia's Finance Ministry Proposes Steep Budget Cuts – Report

By [The Moscow Times](#)

May 19, 2015



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Russia's Finance Ministry has proposed steep budget cuts through 2018 as the government battles to keep its growing deficit in check, news agency RBC reported Tuesday.

The Finance Ministry on Tuesday presented four different state spending proposals to Prime Minister Dmitry Medvedev, RBC reported, citing two unidentified government sources.

The first plan proposes cutting 864 billion rubles (\$17 billion) from the 2016 budget, the report said. A preliminary 2016 budget was set in December at 16.2 trillion rubles (\$328 billion). This plan would see progressively smaller budget cuts through 2018 and would avoid draining the Reserve Fund, an oil revenue-funded emergency fund.

Finance Minister Anton Siluanov warned in late March that if Russia drained the Reserve Fund it would soon have to start printing money to cover its budget shortfall. Printing money would

spur inflation, already at a 13-year high, and undermine investors' confidence in the Russian economy.

The second plan would see the government trim just 58 billion rubles (\$1.2 billion) from next year's budget, leaving massive cuts for later years. The measure would, however, empty out the Reserve Fund. A third variant would spread spending cuts more evenly across the three years but would also drain the Reserve Fund, the report said.

The fourth and most radical proposal would have the government embark on a program of deep structural reforms, including steep cuts in social spending.

Russia's budget has been hammered over the past year by slowing economic growth and an abrupt drop in the price of oil, the country's top export. Russia is set to see a budget deficit this year of about 2.7 trillion rubles (\$54 billion), a figure equivalent to 3.7 percent of the country's gross domestic product.

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