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# Possible to Overcome The Financial-Economic Crises by Common Sense

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The National Assembly confirmed the bill on the state budget of 2009, by 81 for, 2 abstained and 5 against. On this occasion the correspondent of Hayots Ashkharh daily had interview with the Chairman of the NA Committee on Financial-Credit and Budgetary issues Gagik Minasyan.

'Mr. Minasyan what economic and financial goals will the state budget of 2009 pursue and what problems will it solve?'

'The income section of the state budget of 2009 makes up 905,4 billion drams, the expenses ` 945,4 billion drams and the deficit ` 40 billion drams. 9.2% economic growth is previewed and the index of the inflation is 4+- 1,5%. These are the main indexes characterizing the state budget of the coming year.

In my view if in 2009 the world market appears under serious financial and economic influences, the indexes of our budget will be rather affectionate. So what we need is to predict all the possible and main risks and elaborate measures to mitigate their influences.

The economic and financial crises are usually spread by means of the financial system. Thanks God our banking system is rather stable and predictable. It is the consequence of the strictness of bank legislation, according to which the central bank controls the activity of the commercial banks. This is the reason why unlike many other countries we managed to resist the first, financial section of the economic crises and we managed to avoid the chain manifestations of bankruptcy.'

'What do we need to mitigate the influence of the world recession?'

'The second stage of the crises, financial-economic crisis is quite predictable. The volumes of consumption and economic activeness will reduce in the world economy and in this case we will also bear serious risks. Our exporting values will also reduce, because we mainly export products of mineral-raw sphere, the consumption of which has significantly reduced in the world market. The consequences can differ. The budgetary entrances can also reduce because those assortments will not be produced and will not be exported. Certain job cuts are also expected especially in Syunik and Lory. The reduction of money transfers is one of the possible risks, as it is not a secret that the majority of our citizens work overseas and their families solve their social problems by the financial means received from overseas. Whereas in the Russian Federation for example the financial economic crises has significantly spread and the volumes of construction has abruptly decreased. And it is also not a secret that our country receives the main money transfers from the Russian Federation. And if due to recession our compatriots are deprived of their jobs in overseas and they return to Armenia, we will face the second consequence: surplus of employees.'

'What change is expected in the prices of our goods-market?'

'Financial-economic crisis leads to the fall of economic activeness. They usually don't buy the things that they don't need at that moment. According

to the rules of the market the reduction of demand leads to the drop of prices. Essential drop of prices is noticed especially in the fuel market.

In this regard it is noteworthy that in our country the prices of the goods are far not elastic and they are not as flexible as the prices of the international market. But due to the active interference of the Committee on the Protection of Economic Competitiveness the prices of some assortments have dropped. In my view this process should be ongoing.

I'm confident the stable state of our banking system will make our compatriots and the citizens of other countries who have problems with other banking systems, to make investments in Armenian trustworthy banks. It is a serious method to overcome the crisis, and correct activity in this sphere can insure a flow of huge financial means, big quantity of credit means and reduction of interest rates. As a consequence of the before mentioned, we can manage to ensure even greater index of economic growth, than previewed.'

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