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## 2005 budget: Too little, too late

As Lebanon was preoccupied with Security Council Resolution 1559 and its possible impact on the country, and the extension of President Lahoud's term, Finance Minister Fouad Siniora announced the 2005 budget prior to sending it to the Council of Ministers. The article below takes a look at the contents of the new budget and its likely effects.

### The figures

The 2005 budget contains a 1.8% increase in expenditures, from LBP 9,400 billion (\$6.2 billion) in 2004 to LBP 9,575 billion (\$6.3 billion). Revenues are also expected to rise by 11.8%, from 6,400 billion (\$4.2 billion) to LBP 7,160 billion (\$4.7 billion). This results in a 25.2% deficit for the 2005 budget, compared with 31.91% the previous year.

However, a closer examination of the taxes included in the budget show that the revenue target is unrealistic, indicating that the estimated reduction in the deficit will not be met. Using the last several years as a basis for comparison, the 2005 budget is equally unrealistic. **Table 1** on the following page shows the estimated and actual revenues and expenditures based on budgets from 1997 to 2002. According to the table, revenues for 2002 were over-estimated by LBP 156 billion (\$103.5 million), while the overall budget deficit was 0.8% greater than the estimate.

### Reduced wages and compensation

The new budget lowered wages and compensation for the higher authorities and annulled **Table No. 18** (annex to Law No. 717 issued on 5 November 1998), which specified those disbursements. New disbursements were issued

and are shown in **Table 2** on the following page, along with the previous ones.

The president's monthly allowance was reduced by LBP 3.125 million (\$2,070), compared with LBP 2.957 million (\$1,960) for the head of Parliament, another LBP 2.957 for the prime minister, LBP 2.157 (\$1,430) for ministers and LBP 2.125 million (\$1,410) for deputies, or a total reduction of LBP 310 million per month (this figure goes up or down based on the number of ministers and deputies).

The annulment of Law No. 25/74 (issued on 25 September 1974) that gives presidents and previous deputies allowances and compensation should save the government LBP 12 billion (\$7.96 million). The law states that former leaders (the president, head of Parliament and head of the Council of Ministers) are to receive 75% of the compensation being given to current presidents, while former deputies are to receive from 55% to 75% of current compensation, depending on the number of terms served.

### The Council of the South and the Fund for the Displaced

The budget proposed the annulment of the Council of the South (established in 1970) and the Ministry and Fund for the Displaced (established in 1993).

The Council's expenditures reached LBP 1,152 billion (\$764.4 million) between 1992 and 2003, while the Ministry and Fund for the Displaced had expenditures of LBP 3,200 billion (\$2.1 billion).

The closure of those administrations should result in savings of LBP 280-

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