

Document 0580

[20580001]

Despite politicians' hand-wringing about the federal budget, the government ended fiscal 1989 with a \$ 152.08 billion deficit, about the same as the two previous years.

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Even White House budget director Richard Darman had trouble finding a silver lining in the report.

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"I suppose you could say the good news is that the deficits are not heading up," he said, "but you can't be satisfied with deficits at this level and we're not."

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The 1989 deficit would have been nearly \$ 10 billion larger had the government been able to spend as much as Congress intended on cleaning up the thrift industry before the year ended on Sept. 30.

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Nevertheless, the 1989 deficit still exceeded the \$ 136 billion target set by the Gramm-Rudman deficit-reduction law by \$ 16 billion, a reminder of that law's shortcomings.

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The law sets a deficit target of \$ 100 billion for fiscal 1990.

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A partisan fight over cutting capital-gains taxes has slowed the progress of 1990 deficit-reduction legislation almost to a halt, triggering across-the-board spending cuts under the Gramm-Rudman law.

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The White House and the Democratic leadership in Congress blame each other for turning capital-gains taxes into such a divisive issue this year.

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Neither side showed any sign of retreating.

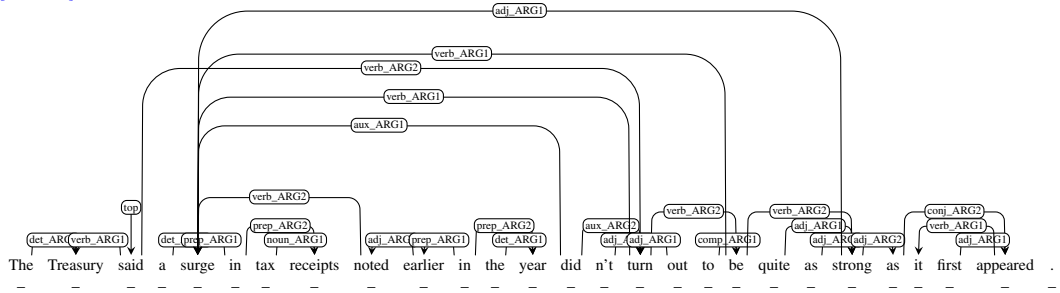
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In all, federal outlays amounted to \$ 1.143 trillion in 1989, up 7.5 % from the previous year, the Treasury said.

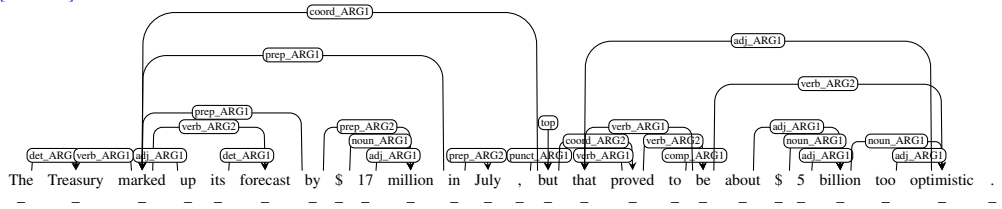
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Federal revenues rose 9 % to \$ 990.79 billion.

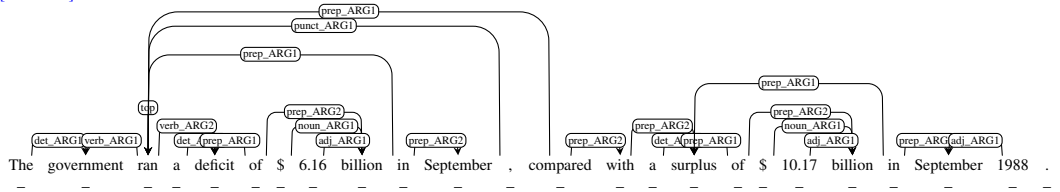
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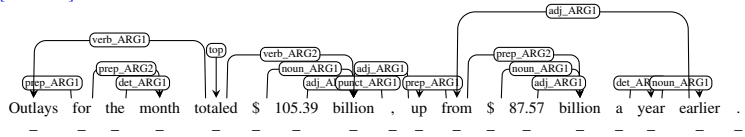
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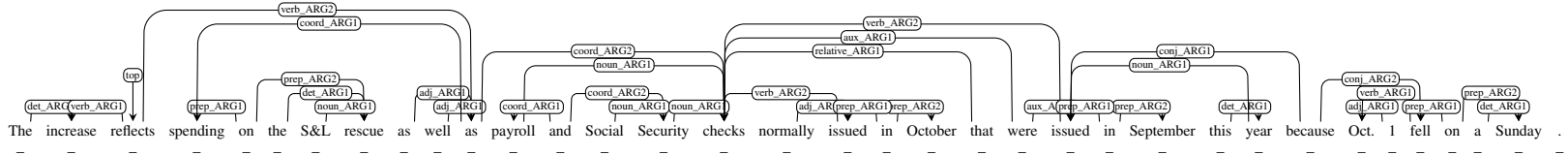
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