

Federal deficit nears record high

NATIONAL WASHINGTON (AP) — The federal budget deficit ballooned to \$260.9 billion through August, the government said Monday, virtually ensuring a new fiscal-year record by the end of September.

"It fits with a yearly deficit of between \$260 billion and \$265 billion," said economist Marilyn Schaja of Donaldson, Lufkin & Jenrette Securities Corp. in New York. If so, that would top the previous record of \$221.1 billion set in 1986.

The Bush administration projects the fiscal 1991 shortfall will be \$282.2 billion, rising to \$348.3 billion in the fiscal year ending Sept. 30. The Congressional Budget Office contends the deficit will total \$279.0 billion this year and \$362.0 billion next year.

The Treasury Department said the deficit rose \$42.7 billion in August, 19.1 percent less than the shortfall in the same month of 1990.

For the year, however, the imbalance was 8.2 percent larger than the \$241.2 billion shortfall in the first 11 months of last year.

Although the gap between spending and revenues after the first 11 months of 1990 topped the 1986 record, the deficit dropped the next month to close fiscal 1990 with a \$220.4 billion gap.

About \$25 billion of the August 1990 imbalance had reflected a shift of payments normally made in September, such

as military pay and Social Security checks, to the previous month to avoid Labor Day weekend delays. That amount thus was not included in the September expenditures.

Government operations in past Septembers often resulted in a surplus. However, Schaja said a slight pick up in spending for the savings-and-loan bailout might produce "a little bit of a deficit" this year.

Revenues so far this year totaled \$944.9 billion, up 1.8 percent from the same period of 1990. But spending jumped 3.1 percent, to \$1.2 trillion, over the first 11 months of last year.

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For the month, revenues totaled \$76.4 billion, up 5.7 percent from August 1990.

Receipts included \$1.3 billion in contributions from allied nations to help pay for

Gulf War expenses, down from \$2.2 billion in July. So far this year, contributions have totaled \$42.4 billion.

Expenditures amounted to \$119.1 billion, 9.2 percent less than the same month last year.

Spending included \$4.2 billion by the Resolution Trust Corp. for the thrift bail out, down from \$9.2 billion in July. RTC spending during the first 11 months of the year totaled \$36.8 billion, compared to \$37.8 billion during the same period of last year.

The August deficit was \$1.9 billion more than the \$40.8 billion gap that was posted in July.

As usual, the biggest spending categories were the military and the Social Security and other programs of the Department of Health and Human Services, along with interest on the national debt.

Military spending totaled \$27.1 billion in August and \$240.9 billion so far this year. It is projected to total \$295.7 billion for the entire fiscal year.

Social Security payments amounted to \$22.6 billion for the month and \$243.8 billion for the year. They are projected to total \$263.8 billion for the year.

Other department payments, including Medicare and Medicaid, totaled \$20.7 billion in August and \$200.7 billion for fiscal 1991 so far. They are projected to total \$222.4 billion.

Interest on the national debt amounted to \$19.1 billion for the month and \$268.3 billion so far this year. It is projected to total \$286.3 billion for the entire year.

Growers protest USDA rules limiting size of fruit

WASHINGTON (AP) — California growers unhappy with federal marketing regulations distributed boxes of small and "illegal" nectarines on Monday to President Bush, Agriculture Secretary Edward Madigan and congressional officials.

Although the nectarines taste as good as any at the grocery store, the box they were delivered in warned that it contained an "illegal substance." The disgruntled producers complain that current marketing orders unfairly keep smaller fruit off retail shelves at great cost to them and higher prices for consumers.

"It's hard to believe, but the fruit in this box cannot be sold legally and must be destroyed because the USDA says it is too small," the label said. "Obviously, it is small fruit. But what right does the federal government have to tell farmers what size fruit they can sell?"

Monday's protest was organized by the Farmers Alliance for Improved Regulation, which represents about one-third of the peach and nectarine growers in California. It comes on the eve of hearings in Visalia, Calif., on whether the peach and nectarine marketing orders should be abolished or replaced with a state program.

Jim Moody, an attorney for FAIR, said the California marketing orders were originally designed to ensure a stable market for California's fruit growers but have since been corrupted by "the big boys."

He accused the Agriculture Department of looking the other way as industry insiders develop rules on a fruit's size and maturity that ensures they capture the market and smaller growers are squeezed out.

But Dan Haley, administrator of USDA's Agricultural Marketing Service, said he's heard that "old, tired accusation" for years. "And every time we've looked into it ... we come up empty."

Moody said regulations that govern the size of fruit that can be shipped have forced many growers to produce a larger crop because they know that a share of their harvest may not meet the marketing order criteria.

"And therein lies the tragedy," Moody said. "There's nothing wrong with a fruit that's a little smaller, maybe a little sweeter and a little better. Some consumers actually prefer a smaller fruit."

FAIR also contends that smaller fruit is more affordable, and that while USDA tells consumers to eat more fresh fruit, its regulations require the destruction of thousands of tons of fruit.

At issue are marketing orders just for California nectarines and peaches.

Haley said he called for this week's hearings on the orders after producers narrowly voted to keep the system in place.

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