

# Armey: Cheaper Oil Via Education Cuts

## House Leader Suggests Reducing School Funds to Offset Gas Tax Repeal

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House Majority Leader Richard K. Armey (R-Tex.) yesterday suggested that the revenue loss from a repeal of the 1993 gasoline tax could be offset by cutting spending on education.

"Maybe we ought to take another look at the amount of money we are spending on education," Armey said on NBC's "Meet the Press." "There is a place where we're getting a declining value for an increasing dollar. It's in education.

"If in fact we can get some discipline in the use of our education dollar, I think we can make up the difference," Armey added.

The White House said yesterday that targeting education funds is not acceptable.

Reducing the federal 18.3-cents-a-gallon gasoline tax by 4.3 cents, as proposed by Republicans, would save the average motorist about \$27 a year in taxes, but would reduce federal revenue by \$30 billion to \$35 billion over the next seven years, the White House estimates.

Senate Majority Leader and presumptive GOP presidential nominee Robert J. Dole (Kan.), who has made repeal of the 1993 gas tax a focus of his campaign against President Clinton, plans to introduce legislation Tuesday to repeal the 1993 tax temporarily. The increase was part of the deficit reduction package that Clinton pushed through Congress in

1993 without a single Republican vote.

Under the Dole proposal, the tax would be rolled back through January 1997 and a permanent repeal would be considered as part of the budget for the fiscal year starting Oct. 1. Clinton has said he would be willing to consider scrapping the tax if Republicans found a fair way to make up the revenue loss.

But in a statement yesterday, White House Chief of Staff Leon E. Panetta called on Dole and House Speaker Newt Gingrich (R-Ga.) "immediately and unequivocally" to repudiate Armey's suggestion that education spending could be cut to finance a reduction in the gasoline tax.

White House economic adviser Laura D'Andrea Tyson, also interviewed on "Meet the Press," refused to say whether the president would sign a freestanding bill to kill the tax hike, but argued that any cut should be part of a balanced budget plan. "It's going to be very hard for them to find \$30 billion to \$35 billion," she said.

Tyson stressed the White House would prefer tax deductions for education or a family tax credit or an IRA expansion rather than a gasoline tax cut.

Sen. Phil Gramm (R-Tex.), on ABC's "This Week With David Brinkley," said the best way to offset the tax repeal would be to cut welfare benefits for legal immigrants, which would result in savings of about \$14 billion a year. He also said

Congress should not twin the gasoline tax repeal and a minimum wage increase, which Dole has suggested to appeal to Clinton and the Democrats.

Gingrich echoed that view in remarks on CBS's "Face the Nation." He said the gas tax legislation would be a "simple, narrow bill" that would not be linked to the minimum wage issue. He said the House Ways and Means Committee would meet Tuesday to consider how to pay for the tax repeal. He did not embrace Armey's suggestion or reject it.

He said that Dole's "proposal to repeal the gas tax increase has been generally pretty popular. I think it will pass by a big margin," giving Clinton "a chance to sign it into law before Memorial Day so that Americans who drive over Memorial Day will pay slightly less for gasoline."

The Clinton administration, however, said that wholesale prices are already going down after the president's decision last week to sell 12 million barrels of oil from the Strategic Petroleum Reserve.

Economists have noted that when the price of gasoline is adjusted for inflation, it is cheap by historical standards. In 1995 dollars, average gasoline prices are at 1991 levels but are well below where they were for most of the 1980s. The average national price for a gallon of unleaded regular gasoline at the pump is \$1.273. That is also far cheaper than gasoline prices in most of the world. In some European countries gasoline is three times the U.S. price.