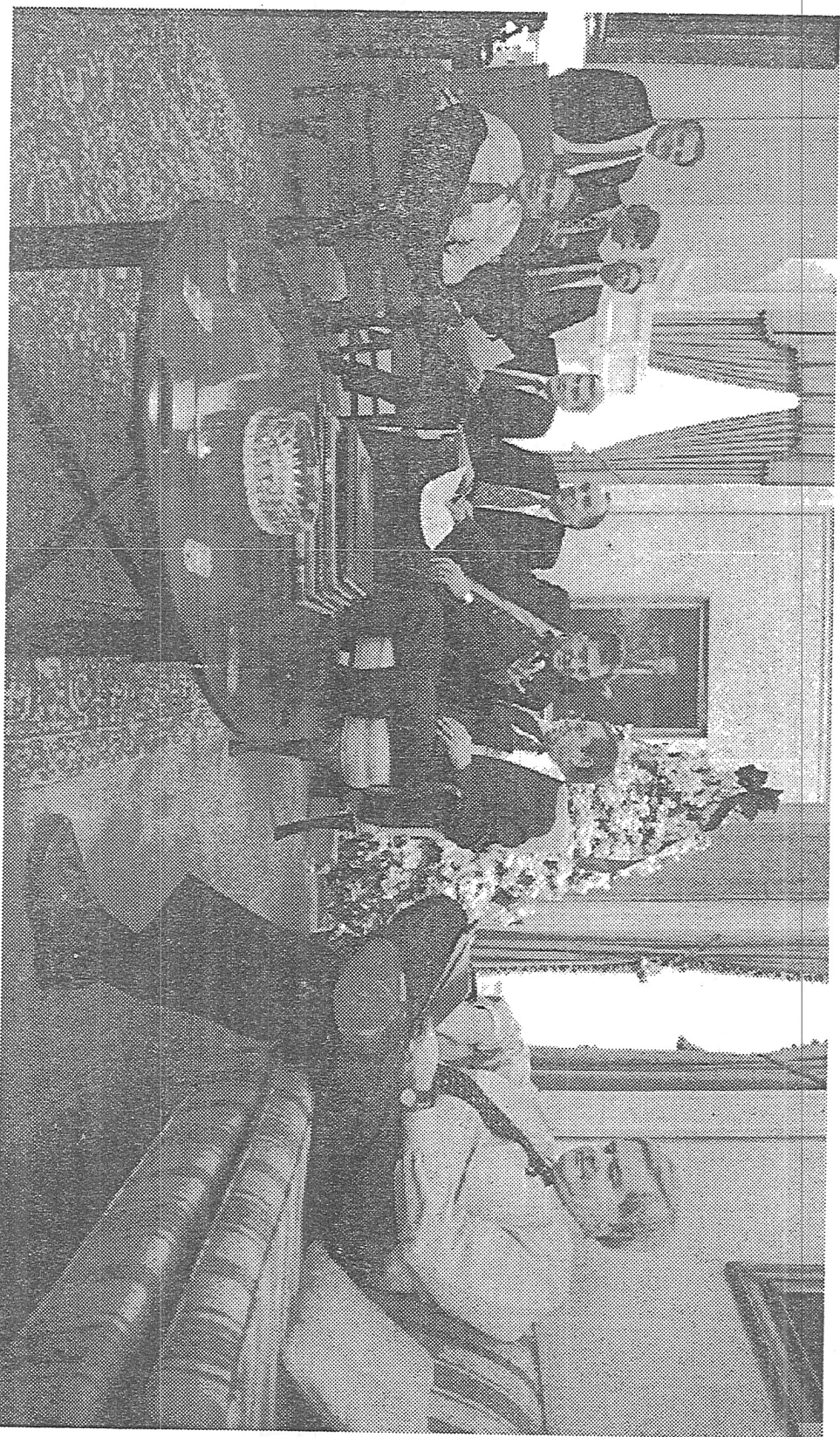


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House Resists Dole Plan to End Shutdown;



House Speaker Newt Gingrich has the couch to himself during Capitol Hill Republican strategy session yesterday with, seated from left, Senate Ma-

ajority Leader Robert J. Dole, Sen. John W. Warner, Michigan Gov. John Engler, House Majority Leader Richard K. Arney and Sen. Pete V. Domenici.

BY RAY LUSTIG—THE WASHINGTON POST

Talks Resume

By Eric Pianin and Ann Devroy
Washington Post Staff Writers

Declaring "enough is enough," Senate Majority Leader Robert J. Dole (R-Kan.) yesterday pushed through legislation to put the federal government back in full operation, but House GOP leaders warned that the bill likely would be rejected by the House unless there is a breakthrough in the balanced budget talks.

President Clinton and congressional leaders resumed their negotiations last night, after a New Year's Day break, with everyone involved feeling the increased pressure for an end to the stalemate that has shut down parts of the government for 18 days.

Administration officials last night said the group was in "intense" discussions after more than two hours of talk, and planned to continue into the night. After 8 p.m., the leaders moved from the Oval Office to the residence for a working dinner, taking with them a huge easel on which the various proposals were sketched out in lines with arrows indicating positions.

White House press secretary Michael McCurry said the group was "working through the issues" but declined to say whether signif-

Viewing Vermeer

■ A donation from the Mellon Foundation ensures that the popular National Gallery show will remain open.

STYLE, Page B1

Seeing Red Ink

■ Federal workers in the Washington area are confronted with partial paychecks but a complete supply of bills.

METRO, Page D1

icant give and take was occurring. "They're going to be there for a while," he said. "They're talking, negotiating, discussing, eating."

Dole, who orchestrated Senate passage of a measure to allow the federal and District governments to fully resume operations through Jan. 12, voiced growing frustration with House Republican hard-liners who have linked the fate of 760,000 workers either furloughed or working without pay to the outcome of the talks.

"I think we made our point," Dole said. "People have been gone

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BUDGET, From A1

from their jobs long enough. Enough is enough."

Dole's remark highlighted the growing rift between the GOP House and Senate leaders while putting increased pressure on the House to compromise and get the government back in operation.

The Senate measure, called a continuing resolution, would temporarily fund nine departments and 38 agencies and commissions that are still without an appropriations bill for the fiscal year that began Oct. 1. The bill would allow the government to resume full operations, call back 280,000 employees who have been furloughed without pay, and resume payment of salaries to 480,000 other

"essential" employees who have been working without pay.

But House Speaker Newt Gingrich (R-Ga.) and House Majority Leader Richard K. Armey (R-Tex.) warned during a 2½-hour GOP leadership meeting yesterday that the Senate-passed continuing resolution would meet with strong resistance in the House, where freshmen and other conservatives are hanging tough until Clinton signs off on a budget deal.

They have been insisting that the shutdown continue as leverage to force Clinton and congressional Democrats to agree to a far-reaching plan

to cut taxes and balance the budget by the year 2002.

House Budget Committee Chairman John R. Kasich (R-Ohio), who attended the GOP session, said: "It's very unlikely any CR is going to pass the House. We see all of this connected to balancing the budget."

Later, however, after Clinton commended the Senate action at the beginning of the White House meeting, Gingrich appeared to soften his stand. Members of the House would return to Washington today from recess and "maybe get something done during the day," he said. "I think if we can both get movement on the balanced budget and get the government back to work and paid for . . . that it really would be a good step in the right direction."

Administration officials described the next 48 hours in the budget talks as "crucial," since each will be determining whether the other is willing to come forward with proposals that can bridge the gaps. "I think that the difference [from earlier talks] is that they're now at a point where they need to start making some tradeoffs between those issues if there's going to be an agreement," McCurry said.

Administration officials said Clinton is prepared to compromise on his proposed tax cut but insist the president has little give on Medicare reductions. Republicans have proposed \$201 bil-

lion in "savings" in the program and Clinton has offered \$97 billion, using Congressional Budget Office spending projections and economic estimates.

Statements by some House Republicans that they are prepared to compromise on elements of their plan but not on the bottom line of a balanced budget in seven years drew praise from the White House. "We're very encouraged by the statement from some of the House Republican freshmen over the weekend that they would drop their insistence on the very large—and the president feels unnecessary—tax cut that so far up to this point, they seem to be wedded to," McCurry said.

Congress is under mounting pressure from constituents, federal employee labor unions, private contractors and others to end the partial shutdown, the second since November and the longest in history.

John N. Sturdivant, national president of the American Federation of Government Employees, charged that Gingrich and the House Republicans were using the partial shutdown as a means of "destroying government" and "denigrating federal workers."

Most of the lawmakers returning to Washington yesterday said the partial government shutdown is having far

less impact on their states than it is in the Washington area. But it is beginning to be felt, especially among the poor, some said. Sen. Ted Stevens (R-Alaska) said most Alaskans remain solidly behind the GOP hang-tough policies but he is concerned about the impact on Alaska's Native Americans now that funding for groups that provide health and other services for the native population has run out.

In 10 days at home, freshman Sen. Spencer Abraham (R-Mich.) said virtually everyone he talked to supported the Republicans' hang-tough efforts to force a balanced budget. "Not one person came up and said, 'Compromise and get the government open,'" he said.

Sen. Tom Harkin (D-Iowa) said most of the Iowans he talked with over the past two weekends were also urging a tough stand but with a different end in mind. "More and more, I heard 'Don't back down, don't give in, fight for the elderly, fight for Medicare, fight for education,'" he said.

As Sen. Jon Kyl (R-Ariz.) described it, he heard from his "more informed" constituents that Congress should "do what it takes, hang in there," while others who are "less familiar" with what Republicans are trying to do

were "getting nervous and suggesting we need to compromise."

Sen. John B. Breaux (D-La.), one of several moderate Democrats and Republicans seeking a budget compromise, said Louisianans blamed Congress more than Clinton but blamed Democrats and Republicans alike and were thoroughly exasperated at the two parties' attempts to blame each other for the budget impasse. "The blame game is over," he said. "People blame everyone. There's no more gain in trying to blame the other side."

Over the weekend, Dole and Senate Minority Leader Thomas A. Daschle (D-S.D.) tried to work out compromise language that would at least send furloughed employees back to work without pay until the crisis ended. But House Republicans insisted upon adding language unacceptable to Senate Democrats. It would have greatly restricted their ability to debate and amend whatever deal emerges from the White House talks.

Yesterday, Dole pushed through the Senate a package of measures, including one that would assure limits on the debate, although leaving it to Dole and Daschle to work out the details. Other measures would restore funds to continue delivery of sensitive services, such as meals for the elder-

ly, child protective services, veterans' benefits, aid for Native Americans and unemployment assistance in 11 states and the District, where funds for administration of the program are running out.

The Senate-passed continuing resolution would fund the affected departments and agencies at levels approved by the House or the Senate, whichever was lower, and provide funding for programs targeted for elimination at 75 percent of their previous funding levels.

Dole disputed assertions that there was a split between him and Gingrich over budget negotiation strategy. But he added, "I think there are some House members who have a different view. They feel this is helpful in bringing about a balanced budget. That's not my view."

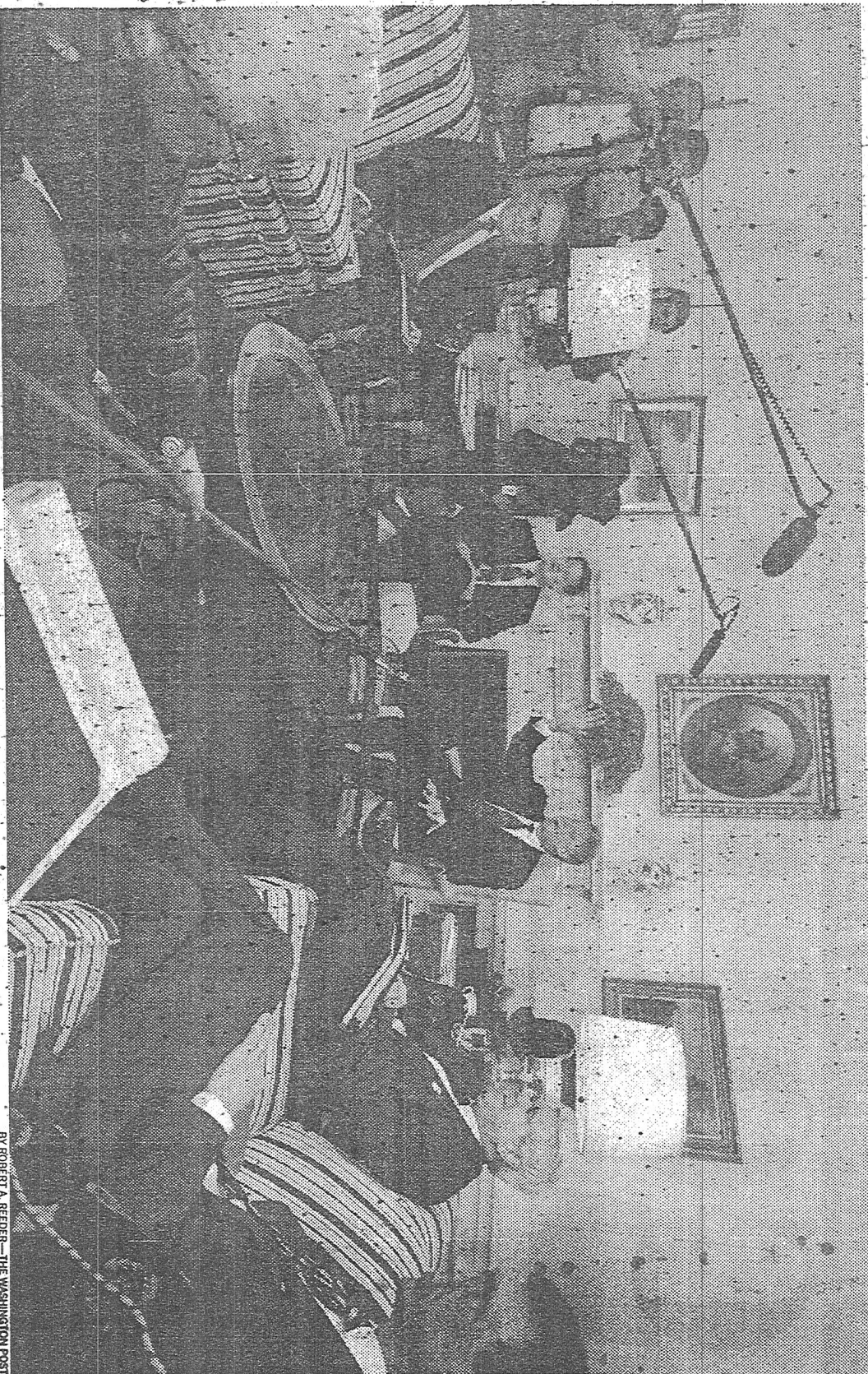
*Staff writer Helen Dewar
contributed to this report.*

FOR MORE INFORMATION

To stay updated on budget negotiation news throughout the day, see Digital Ink, The Post's on-line service. To learn about Digital Ink, call 202-334-4740.



BY RAY LUSTIG—THE WASHINGTON POST
House Speaker Newt Gingrich confers with Michigan Gov. John Engler.



President Clinton commended Senate leaders for their attempts to end the government shutdown as he met for budget talks in the Oval Office with,

from left, Senate-Majority Leader Robert J. Dole, Vice-President Gore, House Speaker Newt Gingrich and Senate Minority Leader Thomas A. Daschle.

BY ROBERT A. REEDER—THE WASHINGTON POST