

Both Sides Cite Progress Despite Budget Rhetoric

Gingrich Is Said to Offer 'Flexibility' on Tax Cut

By Eric Pianin and Ann Devroy
Washington Post Staff Writers

President Clinton and Republican leaders yesterday struggled through a sixth day of private talks aimed at producing a balanced budget plan, following the House's defiant rejection of a Senate plan to reopen the government.

By day's end, both sides were claiming some progress in bridging the dispute over cutting taxes, a key goal of the Republican Congress. It came despite a day that was devoted publicly to name-calling and political one-upmanship.

Congressional leaders moved from the public debate over the shutdown into three hours of budget talks in the Oval Office, with the GOP's \$240 billion tax cut a central part of the discussions, sources said.

The White House has long maintained that Republicans must take a significant chunk out of that tax cut and move it into Medicare and other social spending for a deal to be possible. Republican sources yesterday said that House Speaker Newt Gingrich (R-Ga.) did offer "flexibility" on the tax cut and that yesterday's talks were mostly Republicans countering Tuesday's outline to them by the White House.

As the discussions progressed last night, Treasury Secretary Robert E. Rubin and tax experts—Leslie Samuels, assistant secretary for tax policy, and Deputy Secretary Lawrence Summers—were summoned to the Oval Office.

One source familiar with the talks said Tuesday's and yesterday's discussions were "opening gambits," with the White House laying down its realities Tuesday and the Republicans doing the same last night. That included both sides showing some give, but virtually no one is predicting a deal before Friday, if then. The two sides will meet again this afternoon.

But House Republicans showed signs of increasing frustration of over the pace of the talks. House Republican Conference Chairman John A. Boehner (Ohio) said Republicans have already begun planning alternative strategies if they conclude the negotiations are fruitless. "I sense we're at a crossroads," he said. "We're not going to play Clinton's game much longer."

One possible approach is to pass a new

balanced budget and tax cut plan and then challenge Clinton to veto it. House Majority Leader Richard K. Armey (R-Tex.) said during a meeting of the House GOP Conference yesterday that House Budget Committee Chairman John R. Kasich (R-Ohio) was working on a new plan that might be offered.

Another possibility, Boehner said, was for Republicans to recess the House and go home until Clinton agrees to put down a balanced budget proposal scored by the Congressional Budget Office, leaving the government partially shut down. Once the president

See BUDGET, A8, Col. 1

BUDGET, From A1

offers his own plan, then Republicans would agree to a continuing resolution to reopen the government.

But Boehner said he and other GOP leaders believe Clinton is unwilling to offer his own plan, because it would force him to alienate his constituency. "It would be like an albino going to the beach without sunscreen," Boehner said. "He needs cover."

House Republicans have repeatedly vowed that the government will not reopen until Clinton signs off on their bottom line: a seven-year route to a balanced budget using congressional economic analysis. They assert that without the pressure of a shutdown, Clinton won't bargain in good faith.

At the same time House Republicans were pointing a finger at Clinton, they were chiding Senate Majority Leader Robert J. Dole (R-Kan.), who has urged the passage of a continuing resolution to fund the government temporarily while the negotiations between the White House and GOP leaders continue.

As a sign of further deterioration in relations between House and Senate Republicans, House Majority Whip Tom DeLay (R-Tex.) lashed out at Dole, saying the majority lead-

er had "caved in" to political forces and "put himself in a difficult position."

"We're going to hang tough with our original strategy," DeLay said. "We're not going to cave."

Clinton quickly condemned the defiance as part of a "cynical Republican strategy" to use the government shutdown to force him into a compromise and pledged that would not work. "It's wrong, it is deeply wrong, to shut down the government while we negotiate under the illusion it will influence my decision," Clinton said at a news conference. Ticking off a list of curtailed government services from coast to coast and abroad, Clinton called the impasse that has idled 280,000 government workers and left thousands of Americans without routine federal services "an unnatural disaster."

But belying the rhetoric of confrontation, Clinton also praised Dole, Gingrich and even Arney, one of the Republicans considered at the top of the White House "extremist" hit list.

Asked to comment on Clinton's news conference, Gingrich said, "I wish he would send up a balanced budget and it'll all work out."

Even Clinton's statements were subject to negotiation. Sources said Dole called the president to urge him to refrain from political broadsides because that would harm if not destroy any negotiations. Clinton, sources said, toned down his remarks and added the dollop of praise for House GOP leaders.

But one Republican source said attacks earlier in the day by White House press secretary Michael McCurry, who called the GOP leaders "a gruesome group," and the Clinton news conference further soured Republicans already dubious of Clinton's pledges that he wants an agreement.

Senate Budget Committee Chairman Pete V. Domenici (R-N.M.) said that the president "does not come to that press conference or to the American people with clean hands. . . . The closing of the government should not be blamed on the Republicans. The president of the United States is as much to blame for the closure of government as Congress."

"He has never to this date presented a balanced budget scored by the Congressional Budget Office," Domenici said. "The president has been very cynical throughout these

negotiations too."

It was apparent early yesterday as House Republicans returned from the holiday recess to begin the second session of the 104th Congress that most were unbowed by the plight of federal workers.

The House voted 206 to 167 against considering the Dole-authored measure that the Senate approved Tuesday for reopening agencies. Reps. Constance A. Morella (Md.) and Thomas M. Davis III (Va.), whose districts include large numbers of federal employees, were the only Republicans to support the measure.

Before the vote, during a closed-door meeting of the Republican Conference, Morella, Davis and Rep. Frank R. Wolf (Va.) made vigorous appeals to end the shutdown.

Wolf, a conservative and a senior member of the House Appropriations Committee, has argued that the House Republicans' strategy for trying to force concessions from the president is backfiring and that Re-

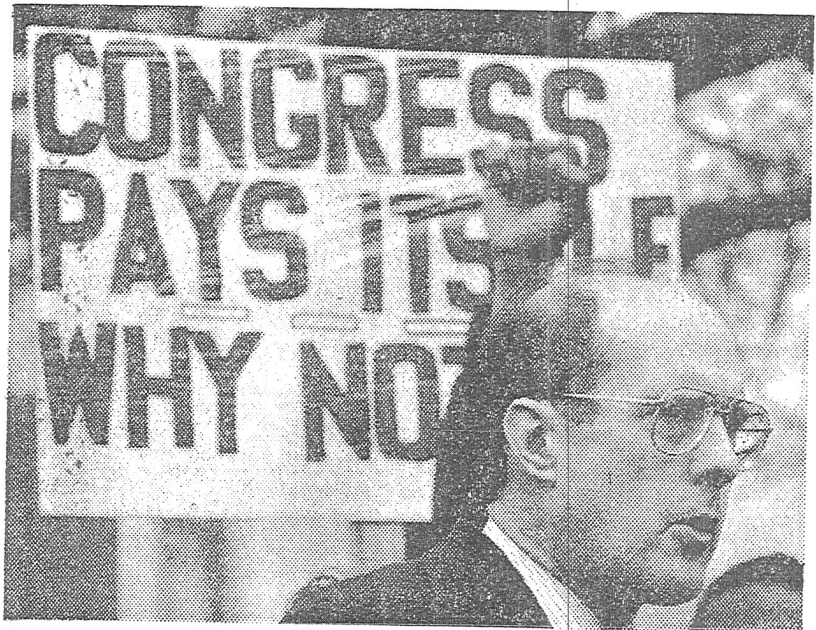
publicans must decouple the budget talks and the government shutdown. His and Dole's arguments are much the same.

Wolf said that the GOP strategy has "taken the focus off of balancing the budget and put it on the government shutdown" and that "the president is looking positive, the Congress is looking negative and there's no progress being made with regard to a balanced budget."

But many of the House members who addressed a meeting, including freshmen Linda A. Smith (Wash.), Wes S. Cooley (Ore.), John Ensign (Nev.), Gil Gutknecht (Minn.) and recent GOP convert Mike Parker (Miss.), urged the leadership to take a hard line.

Rep. Fred Upton (R-Mich.), summing up the meeting, said that "most people recognize we've lost the PR war" but are unwilling to "fold our tents and lose the policy war as well." He added, however, that many Republicans have become frustrated with budget talks that appear to be going nowhere. "I don't think anyone

A8 THURSDAY, JANUARY 4, 1996



BY DAYNA SMITH—THE WASHINGTON POST
Deputy Secretary of State Strobe Talbott made appearance at a rally where State Department employees denounced the government furlough.

really knows how to get out of this mess.”

The vote in the House on Dole's bill was forced by Minority Leader Richard A. Gephardt (D-Mo.) to focus attention on the House GOP and its rift with Senate Republicans. “For the first time in history, millions of Americans and now even Republicans in the Senate are being held hostage by a small band of extremists in the House of Representatives,” Gephardt said. The sense of stalemate was only deepened by the failure of House Republicans yesterday to override presidential vetoes of the 1996 national defense authorization bill, as well as the 1996 appropriation for the Commerce, Justice and State departments.

The respective votes of 240 to 156 and 240 to 159 each fell short of the two-thirds majority needed to override the vetoes. Republicans argued on the floor that Democrats, by voting to override the veto of the Commerce, Justice and State funding bill, could send 194,000 federal workers back to work.

But Democrats responded that the president had made clear since last July that he would veto the GOP bill because it transformed his 1994 anti-crime initiative into a block grant to the states and that Republicans only had to revise the bill to send the federal workers back to their jobs.

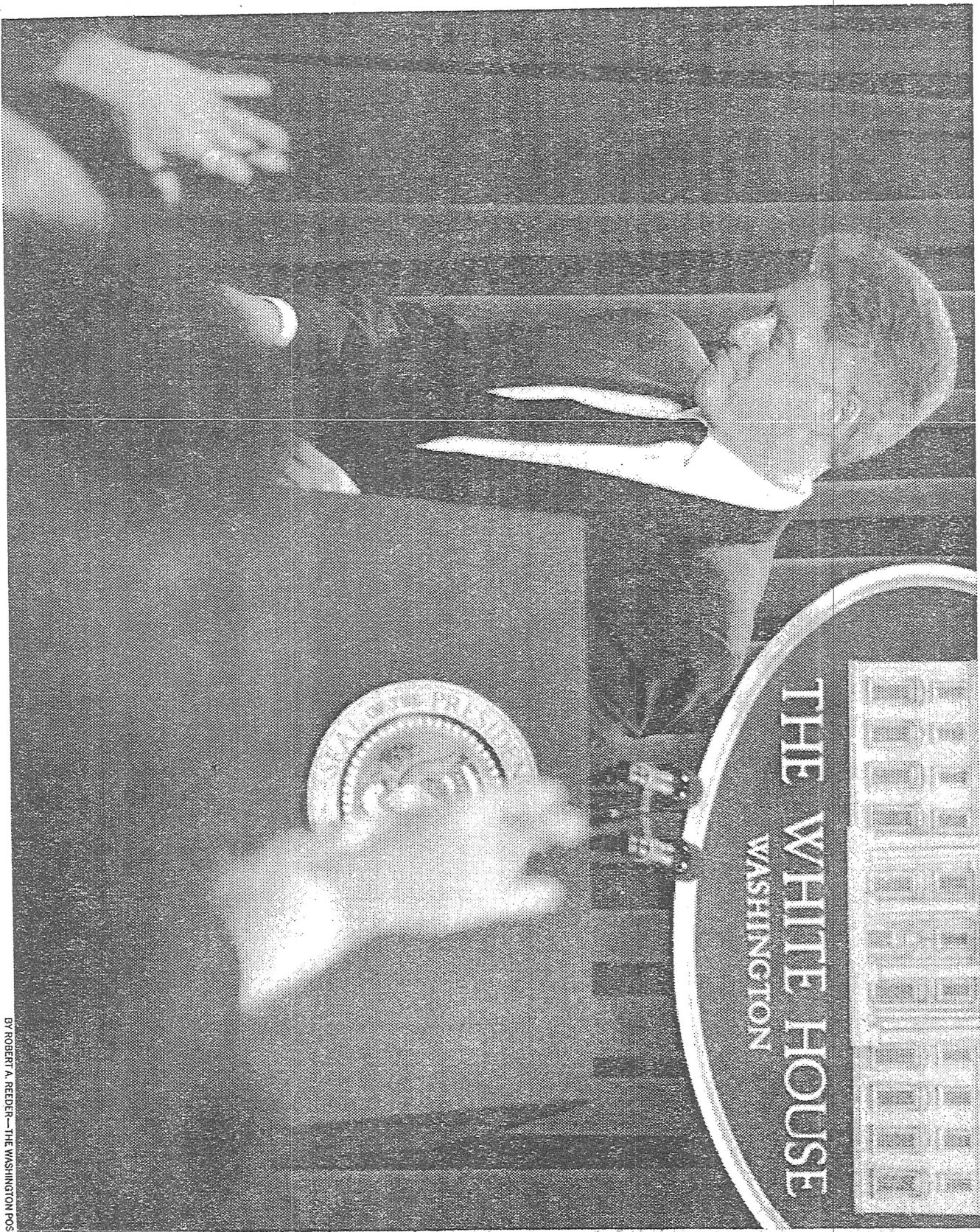
By unanimous consent, the House did agree to legislation that would allow the District of Columbia government to continue spending its own revenue on city services. The bill will go to the Senate today.

*Staff writer Dan Morgan
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 202-334-1740.

THE GOVERNMENT SHUTDOWN



President Clinton made a statement and took two questions from reporters before leaving a White House briefing on the federal budget impasse.

BY ROBERT A. REEDER—THE WASHINGTON POST