## Balanced Budget 'lalks' Still Mired in Politics

By Ann Devroy Washington Post Staff Writer

Even if Republicans retreat on their vow to keep government closed, the fundamental disagreement between congressional Republicans and the White House about a balanced budget remains unchanged. After hours and hours of talks, the attempt to reach a bipartisan agreement remains mired in a bog of ideology, political history, presidential campaign tactics and factionalized party politics.

As the two sides resume their talks today, they are hampered by divisions in their respective camps, earlier campaign pledges that limit their freedom to maneuver and a shared urge to come away from the table as the side that stuck by its principles. These factors make it extremely difficult to find a middle ground between two positions and agree on a compromise.

A momentary exchange illustrates that. When the issue of using a revision in the consumer price index to raise more revenue and cut some spending came up at one of the White House sessions last week, House Minority Leader Richard A. Gephardt (D-Mo.) reportedly "squashed it like a bug," arguing that Democrats were not about to pare back Social Security benefits, one result of such a revision.

President Clinton, Republican sources said, had actually been the first one to raise the possibility in a phone conversation with House Speaker Newt Gingrich (R-Ga.) weeks ago. But many Democrats are adamantly opposed because of the effect on Social Security, and if Gephardt had not leaped to kill the idea, a legion of other Democrats was prepared to "keep Clinton honest," as one put it.

They were armed with clippings and videos from the 1992 Florida presidential primary, when Clinton mercilessly beat up on Paul Tsongas for proposing such a CPI revision.

See DIVISIONS, A12, Col. 1



BY RAY LUSTIG-THE WASHINGTON POST

House Budget Committee Chairman John R. Kasich (R-Ohio) enters Senate Majority Leader Robert J. Dole's office for a GOP strategy session.

## THE COVERNMENT SHETDOWN

## get Talks Still Bogged Down in Politics, Ideo.

DIVISIONS, From A1

somebody was going to be angry. er the negotiators might decide revision in the CPI publicly. Whatevsuch as Sen. Daniel Patrick Moyni mant that Clinton not cave, others, han (D-N.Y.), have been pushing a But if some Democrats were ada-

science of the unconscionable." crats, arguing with Gingrich, frequentsome called hard-line "role-playing" by of the party"; Gingrich spokesman believe to have been decided. One the GOP view, reopening issues they ly quibbling over GOP points and, in current voice for the traditional Demomembers of the supporting cast Tony Blankley called him "the con-House cite Vice President Gore as the Sources inside and outside the White Democrat called him "the conscience The talks also have featured what

plaints about his unyielding attitude. On the Republican side, House Majority Leader Richard K. Armey (R. the White House has as many com-(ex.) is the designated hard-liner, and

about money. subsidiary issues, almost none of them cials on both sides list progress only on an agreement. But when pressed, offistatements citing progress on reaching House has thus far produced four Twenty hours of talks at the White

press secretary Michael McCurry talks moved to what White House This was to be the week that the

> mestic spending, welfare reform. icaid, tax reductions, discretionary do called "real trade-offs," initially in the big ticket items of Medicare and Med-

to back up any agreement they might have enough support among the troops one another any reassurance that they fundamental steps to get there or offer years, they cannot agree on any of the deal to balance the budget in seven But while both sides say they want a

year of debate, weeks of mid-level netace encounters: gotiation and hours of intense face-to-Major differences remain after a

cur under good economic conditions. \$240 billion in tax cuts over seven years, most of it for the middle-class reductions. Clinton has proposed, in his latest proposal, \$63 billion in m Tax cuts. The Republicans want tional \$30 billion that would only ocmiddle-class tax cuts, with an addibut with a chunk in capital gains tax

rate tax breaks. revenue regained from killing corpobillion or more once Republicans add that number would increase by \$30 their tax cuts over five years. But ly offered to reduce to \$185 billion In the talks, Republicans reported-

they kicked in later years, not in gested that he could go along with tions—as he has before—but only if argeted capital gains tax reduc-Clinton, by most accounts, sug-

> and-spend politicians. But aides said the November elections to protect he is willing to give them up, aides can charge that Democrats are taxhimself from the perennial Republi-

White House is not likely to budge now. Republicans proposed \$201 bilwounds to the Republicans and the lion in savings on Medicare; Clinton has used the issues to deliver serious

not move on this issue is strong. care plan to reduce the growth of the er voters and even though the White of Medicare as a fundamental goal; program, the political imperative to House proposed as part of its health weeks has been almost all among oldparty has embraced the "protection" Clinton's jump in approval in the past The liberal Democratic wing of the

quirements. counts and broader managed care redebate, such as medical savings acsues that are part of the Medicare range but will not move on policy isto the \$155 billion to \$165 billion to scale back their Medicare savings Sources said Republicans offered

terent version of medical inflation to sional Budget Office to accept a diflook it would require the Congresbillion in cuts—but because on closer Clinton, for his part, offered what the White House described as \$124

Clinton proposed a tax cut after an \$80 billion difference between the mant that Medicaid, where there is two sides, must remain a legal entihis position has not really changed. get to that number, Republicans say The White House has been ada-

m Medicare and Medicaid. Clinton has said he would save \$97 billion.

> grant program where states detertlement and not be turned into a

mine eligibility and spending.

couldn't get that. Now, how can we Can't do it." ment that has already been there. say that we will give up the entitleentitled to decent health care. We cept that every American . . . was down in flames fighting for the conand the administration that went cept in welfare reform, cannot com-"Remember, this is the president promise on this, one adviser noted, ready accepted the block grant con-Asked why Clinton, who has al-

chance for an agreement, in some eas in which there are the best m Welfare reform. This and a related reform and does not want to be himself as being the father of welfare measure because Clinton thinks of for the Poor, are described as the arissue, the Earned Income Tax Credi 'against" it this election year.

biggest cuts, and Republicans object spending, the sparring goes on their spending all put off for years the White House proposals to pare back Even on discretionary domestic