

As GOP Readies Deficit-Shrinking

By Eric Pianin
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The House and Senate launch an effort this week to pass the largest deficit reduction package in history amid growing rancor between GOP congressional leaders and the White House over Medicare, taxes and a raft of other thorny issues.

Members of the House and Senate Budget committees are scheduled to vote on Republican plans to balance the budget within seven years by slowing the projected growth of spending by \$1 trillion to \$1.4 trillion and dramatically scaling back the size and scope of government.

The House and Senate versions would freeze or reduce spending for most domestic programs with the major exception of crime programs; trim spending for welfare and a variety of subsidies, and slow the growth of spending for Medicare and Medicaid by \$410 billion or more.

Moreover, the Republicans would provide for an average of \$270 billion a year in defense spending, in effect a freeze but more than President Clinton has recommended, and slash foreign aid by one-quarter or more.

If the House GOP version of the budget resolution were to prevail, the government would target for retrenchment or elimination three major Cabinet departments, such as Commerce, Energy and Education. The Senate version would target one of those departments for elimination and wipe out 100 or more smaller agencies, programs and commissions.

Not since Republican President Ronald Reagan's star-crossed effort in 1981 to simultaneously slash taxes, reduce social spending, boost defense and still balance the budget has a political majority attempted anything so far-ranging or politically daring.

The Republican budget proposals will mark a sharp departure from previous budget practices. Unlike the Reagan administration, which failed to follow through on promised spending cuts, the Republican leadership in the House and Senate has pledged to pass a detailed blueprint with specific savings.

Previous deficit reduction plans spelled out their savings over five-year periods, but the Republicans have promised a seven-year plan to show a glide-path to a balanced budget by 2002. Unlike previous anti-deficit plans that relied heavily on tax hikes, there are no tax increases in the GOP proposals.

Plans, Even Allies Have Doubts

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Senate Budget Committee Chairman Pete V. Domenici (R-N.M.), a central figure in deficit politics for nearly a quarter of a century, and House Budget Committee Chairman John R. Kasich (R-Ohio) declare that, with or without the administration's support, Congress will produce a sea change in federal budget policy.

"For me, this is the fulfillment of a vision that says that a great nation—with a huge economy and great prosperity—ought to be able to reach the point where the government pays its bills each year without borrowing," Domenici said.

"This is in stark contrast to the Clinton administration budget plan, which I believe sentences our nation to \$200 [billion] to \$300 billion deficits for as far as the eye can see," he added.

But Democrats contend that the Republicans, for all their bravado, are in disarray over the handling of Medicare and other sensitive spending issues, and that they have overpromised. Sen. J. James Exon (Neb.), the ranking Democrat on the Senate Budget Committee, contends that GOP leaders were "waffling all over the place."

Even some conservative Republicans who hailed the emergence of the Republican juggernaut on Capitol Hill have doubts about whether the Republicans can balance the budget when they are unwilling to touch Social Security or defense and are nervous about slowing the growth of Medicare.

Speaker Newt Gingrich (R-Ga.) has proposed that the estimated \$280 billion in Medicare savings will be plowed back into the program rather than going to reduce the deficit.

"They've put the three gorillas [of spending] off-limits—defense, Social Security and Medicare," said William Niskanen, chairman of the Cato Institute and a onetime economic adviser to the Reagan administration. "You

can't balance the budget on the remainder of programs, let alone have a tax cut."

Robert D. Reischauer, the former Congressional Budget Office director, described the Republicans' task as "monumental." "If they could come up with only a third of a loaf, I'd congratulate them," he said.

The budget has not been in balance since 1969, at the start of the Nixon administration, and since the early years of the Reagan administration the deficit has soared to triple digits.

Last year, the deficit totaled \$203 billion.

Between now and September, congressional Republicans will engage in an intricate series of budgetary maneuvers to achieve their goal that are certain to draw fire from the White House, congressional Democrats and scores of interest groups affected by the proposed cuts and changes.

Through the obscure process of budget reconciliation, House and Senate budget leaders will issue detailed orders for the appropriations, tax-writing and authorizing committees to put the government on a glide-path to a balanced budget. The committees'

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work then will be stitched together in

a huge, omnibus budget bill that will require final approval by the House and Senate and the president.

Because spending and tax measures considered under reconciliation have special status, they are put on a fast track in the House and are immune to Senate filibusters. Moreover, members of Congress will be denied the luxury of choosing among various spending bills and legislative issues.

Reagan and his GOP congressional allies were the first to use reconciliation on a grand scale to pass the budget and massive tax cut in 1981. President Clinton and his Democratic allies on Capitol Hill borrowed a chapter from Reagan to push through Clinton's deficit reduction program, and they did it without a single Republican vote in either chamber.

But there are major obstacles to successful passage of the Republican budget this year, including a sharp division between House and Senate Republicans over whether to approve a major tax cut as well and uncertainty over how to handle the Medicare controversy.

THE BUDGET PROCESS AND TIMELINE

