

W Post 5-12-75

# Battle Over Budget Takes Shape on Hill

## *Taxes, Defense, Health at Issue*

By Eric Pianin  
Washington Post Staff Writer

Congressional Republican leaders expressed confidence yesterday that their plans for balancing the budget will pass the House and Senate next week. Yet the contentious fight looming in the Senate over defense spending, taxes and Medicare highlights the reality that the tidy packages will undergo profound changes before Congress completes its work.

After a fractious marathon meeting lasting until 1 a.m. yesterday, the House Budget Committee voted 25 to 17 to approve a GOP plan that would cut taxes and reduce future spending by an estimated \$1.4 trillion over seven years. Conservative Democrat Mike Parker (Miss.) voted with the Republicans. The Senate Budget Committee late yesterday voted 12 to 10 along party lines to approve a similar plan that would save nearly \$1 trillion over the same period, but without cutting taxes.

The budget resolutions are a blueprint for achieving the GOP's overarching goal of eliminating the deficit by 2002. They are not binding on the tax-writing, appropriating and other authoriz-

See BUDGET, A8, Col. 1

### BUDGET, From A1

ing committees that can cut spending and change or kill programs as they see fit, provided they achieve specific targets for balancing the budget contained in the resolution.

A Republican Senate aide said yesterday, "It would take a Houdini to still get to balance and accommodate the defense spenders, the tax cutters and those who just want to get to balance and think the budget already cuts enough."

The debate this week over the two budget plans has been largely dominated by Democratic complaints that Republicans are seeking to dismantle government and gut sensitive social welfare programs in order to eliminate the deficit and finance the House GOP-inspired tax cuts. More than a third of the proposed deficit reduction in both plans would come from Medicare, Medicaid and other programs for the poor, children and the elderly.

"This is a very risky thing, this budget, and we're going to regret it down the road," said Sen. Christopher J. Dodd (D-Conn.). Vice President Gore, in a speech at the Health and Human Services Department, said the proposed Medicare cuts would lead to "dramatically fewer benefits, dramatically higher costs and dramatically less choice." Florida Gov. Lawton Chiles (D), meanwhile, called the Republicans' Medicaid and welfare reform proposals an "attempt to balance the federal budget on the backs of the states" and "just plain wrong."

Republican defense hawks, including Sens. John McCain (Ariz.) and Don Nickles (Okla.) said yesterday they strongly oppose a Senate budget provision allowing this year's \$270 billion defense budget to dip to \$256 billion over the next three years before rising again, along the lines proposed by President Clinton.

McCain, an influential Armed Services Committee member, dismissed the proposal as "unconscionable." He and others, including Sen. Sam Nunn (Ga.), ranking Democrat on the committee, vowed to press for an amendment on the floor to increase the spending levels to those contained in the House budget plan. The House

budget would preserve defense spending at this year's level through the next seven years.

Domenici said yesterday, "My gut tells me [the budget plan] will pass, but "we have a tough problem with defense."

Domenici's problems in passing his plan will be further complicated by the tax cut issue. Sen. Phil Gramm (R-Tex.), a presidential candidate, will lead an effort next week to amend the resolution to make room for a tax cut similar to the House-passed proposal.

Domenici has vigorously resisted conservatives' calls for a tax cut until Congress completes work on a comprehensive plan to balance the budget. In an effort to hold Gramm, Senate Majority Leader Robert J. Dole (R-Kan.) and other tax cut enthusiasts at bay, Domenici left open the possibility that \$170 billion of anticipated future savings might go for a tax cut, after the Congressional Budget Office certifies that Congress is on track toward a balanced budget by 2002.

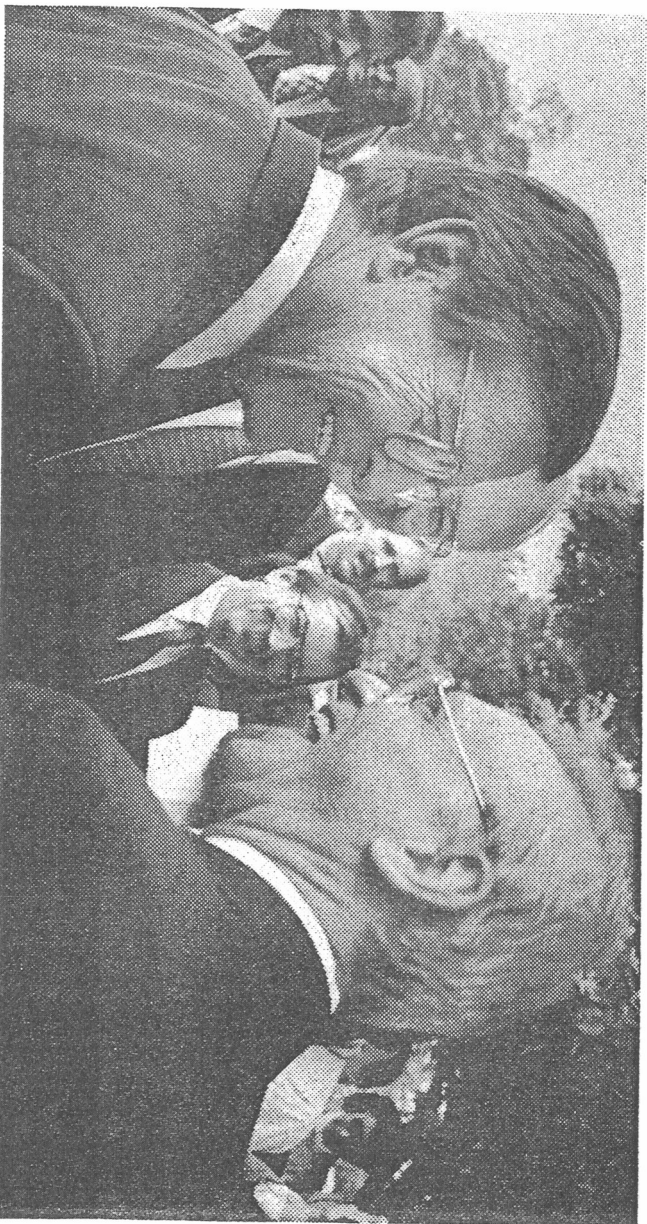
The House GOP plan, including a \$500-per-child tax credit and a sharp reduction in the capital gains tax, would cost an estimated \$360 billion over seven years.

Gramm insists the budget can be cut more than Domenici has proposed to offset a major tax cut, but moderates including Senate Finance Committee Chairman Bob Packwood (R-Ore.) as well as Sens. John Chafee (R-R.I.) and James M. Jeffords (R-Vt.) are resisting. "I'm opposed to any tax cuts at this point," Jeffords said. "There may be an attempt, but I don't think they have the votes."

Gramm acknowledged yesterday that he does not have enough votes at this point to successfully challenge Domenici on the floor. "I never try to push my credibility beyond limits," he said.

In the House, Budget Committee Chairman John R. Kasich (R-Ohio) said Republicans emerged from a 14-hour committee markup with "a lot of unity" but that GOP leaders may have to "massage" the budget a little more before a final vote next week. "I hope there will be no major changes," he said, "because there's a delicate balance in the bill."

The House budget proposal's sharp reductions in farm



At a Republican news conference about the Senate Budget Committee spending plan are, from left, Chairman Pete V. Domenici of New Mexico, Sen. Phil Gramm of Texas (partially obscured) and Sen. Paul Coverdell of Georgia.

BY RAY LISTING—THE WASHINGTON POST

subsidies, agricultural research and overseas market promotion have drawn protests from Republicans from rural areas. "I haven't made any commitment on the budget," said Rep. Thomas W. Ewing (R-Ill.). "We know American farmers want to do their share to balance the budget, but they want it to be fair and equitable."

Also, some GOP moderates have qualms about the scope of the Medicare and Medicaid savings, and will urge that House Republican leaders scale back the tax cut when they iron out differences with Senate leaders in conference. During a pep talk to the House Republican Conference yesterday, House Speaker Newt Gingrich (R-Ga.) said he expects all 231 Republicans to vote for the budget and if anyone had a problem with it, he wanted to see them in his office.

Kasich is also trying to assuage budget committee Democrats after a dust-up late Wednesday over his refusal to use traditional budgetary yardsticks in measuring the long-term effect of proposed spending cuts. A budget document describing how responsibility for achieving deficit savings would be apportioned among the appropriations, Ways and

Means and other authorizing committees provided no comparative data to show how deep the cuts would be.

Republicans contend that traditional "baseline" budgeting, contrasting proposed spending changes with standard projections of future spending adjusted for inflation, obscures the fact that even with reductions, overall government spending continues to grow—just at a slower rate.

Republicans are smarting from Democratic charges that they are "cutting" Medicare, federally subsidized school lunches and other politically sensitive programs, when overall spending for those programs is increasing. "In this city, we're sick and tired of calling a 9 percent increase a cut," Kasich told Democrats.

But Reps. Martin O. Sabo (D-Minn.) and Bill Orton (D-Utah) complained that it was virtually impossible to assess the effect of the GOP budget policies without some type of baseline measure. "I was an IRS agent for 10 years," Orton said. "And I have to tell you if I was auditing your tax return, you'd be in deep trouble right now."

Staff writers John F. Harris, Spencer Rich and Kenneth J. Cooper contributed to this report.