

# Panetta Calls 2002 Deficit Goal

*'You Don't Let the Date Set Policy,' Clinton Aide Says of Congressional*

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White House Chief of Staff Leon E. Panetta said yesterday that the administration would support an attempt to balance the budget but that it would not be bound by the Republican timetable of eliminating the deficit by 2002 and would insist that the House GOP tax cut plan be drastically scaled back.

"Our approach is we would be willing to agree to a deficit reduction path that brings us to balance, but we shouldn't just focus on a specific date," Panetta said during an appearance on CBS's "Face the Nation."

In recent months administration officials have played down the urgency of ending the federal deficit. A White House official said yesterday that Panetta's statements were a subtle shift in his public posture but did not portend a major policy change.

Panetta appeared to be trying to deflect criticisms that White House opposition to Republican balanced budget proposals leaves the administration willing to accept budget deficits well into the future, another source said.

Panetta said that Republicans in the House and Senate have "basically grabbed a date out of the air" in drafting plans for balancing the budget by 2002 "and now everything has to fit into it."

"This is a numbers game, as far as the Republicans are concerned," he said. "You don't let the date set policy. Policy should set the date."

Although President Clinton promised early in his campaign to balance the budget, he subsequently shifted direction and pledged to cut the deficit in half by the end of his first term. The deficit has declined by about one-third since Clinton took office—from \$290 billion in fiscal 1992 to about \$190 billion this year—but under his fiscal 1996 budget plan released in February, the deficit would inch up again and remain close to \$200 billion through the end of the century.

House and Senate Republican leaders have criticized the president for refusing to outline a balanced budget plan of his own or to cooperate with them in working out a financial rescue for Medicare. Panetta's remarks do not indicate the White House is working on its own balanced budget plan. Internally Clinton's chief economic advisers are intent on "stabilizing" the deficit as a percentage of the total economy, a top official said.

The House and Senate this week will begin de-

bating Republican budget proposals to eliminate the deficit within seven years by dismantling hundreds of federal agencies and programs, slashing foreign aid and dramatically slowing the rate of growth of Medicare and Medicaid—the medical programs for the elderly, disabled and poor.

The White House and congressional Democrats last week launched a stinging attack on GOP plans to reduce spending for education and student loans, for cutting a tax credit for working poor families and for proposing huge cuts in Medicare without considering them in the larger context of health care reform.

Yesterday, Panetta and congressional Democrats also stepped up their attack on the House Republicans' plan for \$350 billion or more of tax cuts over seven years—including a \$500 per child tax credit for most families, a sharp reduction in the capital gains tax and scores of tax breaks for businesses and corporations.

House Speaker Newt Gingrich (R-Ga.) and other House GOP leaders have insisted upon the large tax package to fulfill a major campaign promise in the "Contract With America." But moderate Senate Republicans, including Budget Committee Chairman Pete V. Domenici (N.M.) and Finance Committee Chairman Bob Packwood (Ore.), are opposed to a tax cut until Congress completes work on a plan that puts the government on a "glide path" to a zero deficit by 2002.

Panetta said that by linking tax cuts to spending cuts for the poor, the elderly and children, House Republicans were offering "what I would call almost a Grey Poupon budget that basically helps people in limousines and cuts everybody else."

But House Budget Committee Chairman John R. Kasich (R-Ohio) yesterday criticized the White House and congressional Democrats, saying they were in no position to criticize the Republican proposals when they have refused so far to advance a balanced budget proposal of their own.

Yesterday's politically charged exchanges provided a foretaste of the budget battle that will play out in Congress in the coming weeks. Republicans believe they have demonstrated clearly that they can achieve their goals of balancing the budget and raising taxes by downsizing government, reforming out-of-control entitlement spending programs and slowing the overall rate of growth of spending.

Administration officials, meanwhile, believe the Republicans have overreached in cutting Medicare and education, programs Democrats believe

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# Arbitrary

## *Target for Balancing Budget*

still have a broad constituency even among a public generally suspicious of the federal government.

Sen. Christopher J. Dodd (D-Conn.) yesterday suggested on NBC's "Meet the Press" that both the Republicans and the Democrats abandon efforts to cut taxes and concentrate on deficit reduction. President Clinton and House Minority Leader Richard A. Gephardt (D-Mo.) have proposed tax-cut plans a fraction of the size of the House GOP proposal that would largely be targeted to helping the middle class meet educational costs.

Domenici, Packwood and Sen. Daniel Patrick Moynihan (N.Y.), the ranking Democrat on the Finance Committee, endorsed Dodd's suggestion on NBC, but Kasich, on CBS, and Sen. Phil Gramm (R-Tex.), on NBC, dismissed the idea. Senate Majority Leader Robert J. Dole (R-Kan.), a rival of Gramm's for the 1996 Republican presidential nomination, is also committed to a substantial tax cut this year.

Gramm intends to lead an attempt on the Senate floor this week to amend the budget resolution to make room for a tax cut similar to the House-passed plan. He conceded that, for now, he lacks the votes. Domenici, who is growing in confidence that he can fend off the tax-cut forces, said, "Frankly, I'm looking around at the numbers and at senators and I don't see how . . . [a tax cut] can pass the Senate."

Kasich argued that in laying out their "revolutionary" budget plan last week, House Budget Committee Republicans proved they could simultaneously balance the budget and offset the cost of a large tax cut. "The debate about whether you can do both is over," he declared.

House Budget Committee Republicans last week approved a budget plan that committee staff said would produce roughly \$1.4 trillion of savings over seven years, including enough to eliminate the deficit and pay for the tax cut. The Senate Budget Committee approved a similar plan that provided nearly \$1 trillion of savings during the same period, but with no savings dedicated to tax cuts.

However, Vice President Gore last week charged that the Republicans' budget numbers "don't add up." And a Congressional Quarterly magazine analysis of the proposals, published over the weekend, concluded that the House plan would result in only slightly more deficit reduction than the Senate plan, which assumes no tax cuts. According to the analysis, the Senate plan would save \$961 billion over seven years, compared with \$1.04 trillion of savings in the House plan.

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