

GOP Budget Approved By House

Plan to Reduce Taxes, Erase Deficit by 2002 Passes on 238-193 Vote

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By Eric Pianin
Washington Post Staff Writer

House Republicans yesterday delivered on the heart of their "Contract With America" campaign promises by approving a budget designed to eliminate the deficit within seven years, slash taxes and dismantle large chunks of the federal bureaucracy.

Gambling that voter enthusiasm for deficit reduction won't sour when Congress actually begins cutting popular programs later this year, Republicans overwhelmingly embraced their leaders' blueprint to radically scale back social spending and shrink the size of government.

"Our vision for the 21st century is taking power and money and control and influence from this city and giving it back to men and women all across this country," said House Budget Committee Chairman John R. Kasich (R-Ohio). "Frankly, the power of bureaucracy and red tape and misplaced compassion . . . in some respects takes away the incentives for the individual to fly."

The White House promptly issued a statement opposing the plan. "The president is eager to work with Congress to ensure a disciplined budget that reduces the deficit and reflects the values of the American people," said White House spokesman Michael McCurry. "The House budget fails to meet that test."

Capping two days of debate, the House voted 238 to 193 to approve the plan, with Rep. Mike Parker

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(Miss.) and seven other conservative Democrats joining Republicans. Rep. Michael Patrick Flanagan (Ill.), who ousted Democrat Dan Rostenkowski last fall, was the only Republican to vote against the budget.

Senate Majority Leader Robert J. Dole (R-Kan.) and Senate Budget Committee Chairman Pete V. Domenici (R-N.M.) joined in the GOP celebration on the House floor, and a roar went up when the vote for the budget went over the top. "It's all pretty amazing," said Speaker Newt Gingrich (R-Ga.).

Last night, ignoring a veto threat, the House also passed a package providing disaster relief and about \$16 billion of spending cuts for the current year, as a small down payment on the GOP promise to balance the budget. Clinton has accused Republicans of lacking the package with political pork. (See story, p. 6)

Prior to yesterday's vote on the long-term budget, the House easily dismissed alternative proposals for a balanced budget offered by a coalition of conservative Democrats and by the Congressional Black Caucus that would have scrapped the proposed tax cut and spent more for key programs.

The conservative Democratic plan, providing more for Medicare, defense, student loans and agriculture, drew the support of 90 Democrats and 10 Republicans who wanted to signal their concerns about the GOP plan. Minority Leader Richard A. Gephardt (Mo.) and more than half of rank-and-file Democrats voted against it.

While the past two days of debate highlighted the huge chasm between Republicans and Democrats over spending priorities, the votes nonetheless demonstrated a sea change in thinking over the balanced budget issue. More than 360 of 435 members

voted for balanced budget plans of differing stripes. The issue no longer is whether to pursue a balanced budget strategy, with all its economic and political risks, but how best to achieve that goal.

"This great debate over how and whether we should balance the budget should conclusively prove to the American people that real and fundamental change has come to the people's house," said House Majority Leader Richard K. Armey (R-Tex.)

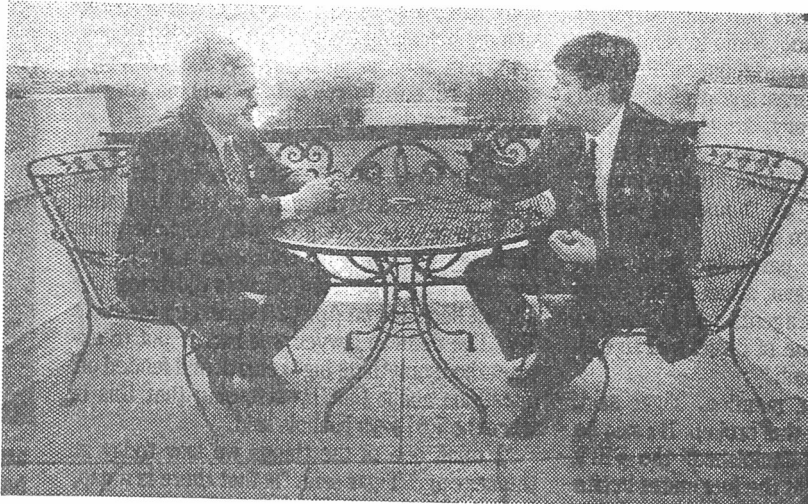
Democrats who voted for the GOP budget included three who have considered switching parties: Parker, who caucused with House Budget Committee Republicans;

W.J. "Billy" Tauzin (La.); and Gene Taylor (Miss.) The other defectors were Gary A. Condit (Calif.), G.V. "Sonny" Montgomery (Miss.) and Texans Pete Geren, Ralph M. Hall and Greg Laughlin.

The Senate, meanwhile, began debating a similar proposal to balance the budget within seven years, but without a tax cut and without using some of the more optimistic economic assumptions contained in the House document. Domenici has opposed consideration of a tax cut until Congress implements a long-term plan for getting to a zero deficit.

Seven mostly moderate Republicans warned yesterday they would oppose the budget if conservatives succeed in adding a tax cut. They are Sens. John H. Chafee (R.I.), William S. Cohen (Maine), Mark O. Hatfield (Ore.), Frank H. Murkowski (Alaska), James M. Jeffords (Vt.), Nancy Landon Kasibaum (Kan.) and Alan K. Simpson (Wyo.).

The House GOP plan, crafted by Kasich, would wage a thorough assault on the federal bureaucracy, closing the departments of Commerce, Education and Energy and eliminating 369 other



BY RAY LUSTIG—THE WASHINGTON POST

Speaker Gingrich, left, and Budget panel chief Kasich meet during debate.

HOUSE BUDGET HIGHLIGHTS

■ **Spending:**

Saves \$1.4 trillion over seven years.

■ **Deficit:**

Goes from an estimated \$210 billion deficit in 1996 to a \$1 billion surplus in 2002.

■ **Eliminates** the departments of Commerce, Education and Energy, and 369 other programs, agencies and commissions.

■ **Includes** a \$354 billion tax cut package.

■ **Increases** Clinton's proposed five-year defense budget by \$46 billion.

■ **Medicare savings:** \$288 billion.

■ **Medicaid and other health program savings:** \$198.5 billion.



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ancing the budget, but they are not for balancing it on the backs of senior citizens and middle income people," Gephardt said. "I think that if the Republicans insist on doing this and they are able to override presidential vetoes and implement this budget, it will not go down well with the American people."

Public reaction to the Republican efforts have been mixed, according to recent polls. Rep. John A. Boehner (Ohio), chairman of the House Republican Conference, said the leadership foresees no political downside to their

agencies, programs and federal commissions. The Senate Republican plan also advocates far-ranging reforms, although it would keep Education and Energy.

In all, the House plan purports to achieve nearly \$1.4 trillion of savings over seven years, with more than a third coming from reduced growth in Medicare and Medicaid, the national health care programs for the elderly and the poor, and food stamps. The plan would also cut foreign aid by more than a third, but would provide slightly

more in defense spending—an average of \$270 billion annually—than recommended by Clinton and Senate Budget Committee Republicans.

The \$354 billion of proposed tax cuts, including a \$500-per-child tax credit for most families, a reduction in the capital gains tax and a raft of tax breaks for businesses and corporations, were touted by Gingrich as the crown jewel of the GOP contract. But those cuts have become a lightning rod for Democratic charges that Republicans are attempting to finance tax relief for middle- and upper-income Americans at the expense of the elderly, the poor, students and working-class families.

Throughout the debate, Democrats engaged in class-warfare politics, deploying poster-size photographs of elderly and poor constituents to dramatize the potential adverse impact of proposed cuts in Medicare, Medicaid and student loans programs.

Instead of offering a detailed balanced budget plan of their own, the White House and Gephardt chose to hang back and lob grenades at the GOP plan—confident that many Americans will grow alarmed when they discover how the cuts will impact their own lives.

"The American people are for bal-

budget approach as long as they don't back down. "We face a much greater risk in not going far enough than the risk we face in going too far—a situation that defies all political dynamics in the past," he said.

Under the House plan, overall spending would continue to grow over the next seven years, from about \$1.5 trillion this year to \$1.8 trillion in fiscal 2002, but at a slower rate than currently projected. For instance, Medicare spending would total \$288 billion less than projections and Medicaid spending would fall \$187 billion below.

The House proposal, more so than the Senate's, delays many of the most painful spending cuts in Medicare, Medicaid and other politically sensitive programs until 2000 and beyond, and then imposes jarring cuts in order to catch up. Democrats charge that Republicans are cutting taxes first and putting off actual deficit reduction well

into the foggy future, when Congress may lose its passion for deficit reduction. Those deep cuts will also be needed to offset the impact of the tax cuts, which will begin to explode in cost at the turn of the century.