

Clinton Says He Won't Be

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President Clinton said yesterday he wants to avert a stalemate with Congress that would end in cutting off the government's ability to borrow money, but he said that the prospect is not so dire that he will be "blackmailed" by House Speaker Newt Gingrich (R-Ga.) into accepting a budget he does not like.

What is not clear, after several days of bluster rhetoric from both ends of Pennsylvania Avenue, is whether congressional Republicans are trying to force the administration to choose between a GOP budget and an unprecedented government default—or whether both sides are playing a game of budget bluff.

Easier to figure—according to administration officials, congressional staff and Wall Street bond experts—are the motives behind the clash between Gingrich and Clinton over whether to increase the federal government's debt ceiling before the day sometime in mid-

November when the Treasury runs out of money because it cannot borrow any more.

Gingrich wants to use the prospect of the government running out of money to force Clinton to back off his veto threats against Republican budget proposals, and to reinforce the perception that the GOP is so serious about deficit reduction that it will not go along with the customary practice of raising the debt ceiling when necessary.

The risk for Gingrich is that Clinton won't back down, and if cutting off the government's borrowing authority triggered a crash in the bond markets, the public would hold Republicans accountable.

Clinton too sees an opportunity. Administration officials say the apparent willingness of Gingrich and the Republicans to risk a financial crisis rather than compromise on the budget reinforces their argument that the opposition is driven by reckless ideologues.

The risk for Clinton is that, if a crisis does come to pass, the public will attribute it not to

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'Blackmailed' by Gingrich on Budget

Republican recalcitrance but to the Democrats' insistence on higher spending.

The positioning continued yesterday when Clinton met with reporters and columnists at a White House luncheon.

"It would be wrong to have a default" on government bonds, Clinton said, describing the prospect raised by Gingrich in recent days as "wrong," "irresponsible," and "not necessary."

Even a short-lived impasse over the debt level would be "self-defeating" for Republicans, Clinton said, because it would shake the confidence of investors and raise the cost for the government to borrow money—thus throwing the Republicans' own plans for balancing the budget out of kilter.

He said he wants to avert a crisis but warned that any agreement cannot be "unilaterally dictated. . . . There will be a discussion, we can come to an agreement, but I am not going to be blackmailed."

Gingrich, who has been both combative and conciliatory, yesterday took the latter ap-

proach. "Nobody is trying to blackmail the president," said Gingrich spokesman Tony Blankley, saying there is enough agreement between the two sides to "work out the details to everyone's satisfaction."

But if blackmail is an impolite term, Gingrich and staff are frank about using the debt ceiling as a lever to get his way in the budget debate. "The debt ceiling is the appropriate device for getting to a balanced budget," Blankley said. "If we get to a balanced budget, we won't have to keep raising the debt ceiling."

At the practical level, Gingrich may not have a choice. House Republicans are insisting on a tough stance.

Assessing the politics of the confrontation is complicated by two uncertainties: Are the Republicans serious about cutting off the government's borrowing ability? And if that did happen, would there be a financial crisis, or simply a short-term crunch that could be easily worked around?

On Wall Street, the consensus for now is to-

ward discounting the rhetoric. Most analysts believe that the debt-ceiling debate is "a mating dance, a sort of predictable process" that will end with an agreement, said David M. Jones, vice chairman of Aubrey Lanston & Co. Jones himself disagrees, saying that Gingrich and the House Republicans are firm about not raising the debt limit unless they get their way on budget cuts—which they believe are the key to whether the public judges their "revolution" on Capitol Hill a success.

"It is an absolutely genuine threat," Jones said. "The Republicans are going to put politics over the stability of the markets."

Staff writer David S. Broder contributed to this report.

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