

# Senate begins debate on deficit-reduction plans

WASHINGTON (AP) — The Senate plunged into debate Wednesday over a Democratic package of tax increases and spending cuts designed to reduce the federal deficit by \$516 billion. Republicans offered a no-new-taxes alternative.

"This is the largest deficit-reduction plan ever proposed by any president of the United States," said Sen. James Sasser, D-Tenn., manager of the Democratic bill. He called it a turning point for the nation — a plan that, if followed by overhaul of the medical-care system, would bring "a federal government that is fiscally responsible and fiscally solid" by the end of the decade.

But Sen. Pete Domenici, R-N.M., accused Democrats of producing an "Alice in Wonderland" plan that would drain the economy of money needed for job creation without controlling mandatory spending programs that threaten to bankrupt the country.

"The American people want (spending) cuts first and taxes next," Domenici said. "This one is the reverse." The substitute that he offered with Minority Leader Bob Dole, R-Kan., and Sen. Bob Packwood, R-Ore., would cut the deficit by \$367 billion — about \$20 billion more than Republicans give Democrats credit for proposing.

The GOP plan includes:

- Limiting spending for Medicare, pensions and similar mandatory spending to a level about \$58 billion below the Democratic version, starting in 1996. Social Security would be exempt.
- Holding discretionary non-military spending, which includes programs from education to highways, to current levels for five years, saving \$85 billion.
- Defense spending at levels Clinton requested.
- Freezing spending for foreign aid, saving \$7 billion.

At the White House, President Clinton predicted the Republican plan would serve only "to protect the privileged and punish the middle class and the most vulnerable."

The Democratic bill, which follows Clinton's principles but varies in some details, would raise taxes by \$249 billion over the next five years with 87 percent of the increase falling on those earning more than \$100,000. The only impact on most middle- and low-income families would come from a 4.3-cents-a-gallon increase in the tax on motor fuels, although some retirees would pay more tax on their Social Security benefits.

The first vote on the bill rejected, 54-44, an effort by Majority Leader George Mitchell, D-Maine, to restore a version of Clinton's targeted capital-gains tax cut for small business. The amendment, which fell six votes short of the 60 needed to overcome a technical barrier, also would have increased to \$18,500 the amount of machinery a small business could write off in the year of purchase.

The bill would restrain the growth of mandatory spending programs, including Medicare and Medicaid, by \$107 billion. It anticipates — but does not ensure — that Congress and the president will agree later on spending cuts, fees and other changes totaling \$110 billion. Expected savings on interest costs would bring the total deficit cut to \$516 billion.

Thus, over the next five years, Democrats said, there would be about \$1 of spending cuts for each \$1 of new tax. Republicans preferred to emphasize that in 1994 there would be only about \$8 billion of spending cuts but \$37 billion of new taxes.

Whatever the Democrats' intentions, insisted Sen. Bob

Packwood, R-Ore., tax increases inevitably would lead to more spending, not deficit reduction. "I'll bet you a dime to a dollar that's exactly what this Congress will do and the president will agree," he said.

Without any deficit-reduction plan, the government's red ink is estimated to rise to \$296 billion in 1994 and to \$361 billion in 1998. Democrats say the Senate bill would cut those figures to \$240 billion and \$204 billion, respectively.

Despite differences over which energy taxes to increase and how deeply to cut Medicare, Clinton and Democrats in the Senate and House agreed on one major point: The deficit-cutting plan should reverse tax policies of the Reagan-Bush years, which they view as too generous to the rich.

"Let's get over this argument that during the Reagan-Bush years somehow the rich escaped and the poor were raped," Packwood responded. "That is simply not true."

The Republican strategy for attacking the bill was clear, Sasser said. "To protect the wealthy ... they've got to persuade the other 94 percent of the people that they are threatened by this bill ... try to get them outraged so they can protect the 6 percent, the wealthiest who do have to pay increased taxes."

Sen. Robert Kerrey, D-Nebr., who has problems of his own with his party's bill, accused Republicans of spending too much time recalling Clinton's abandoned campaign promises. He said the debate was haunted — unfairly — by a ghost from 1990, when President Bush broke his own campaign pledge not to raise taxes.

"The central question," Kerrey said, "is, 'Is the deficit a problem and are we prepared to do something about it?'"

## Drug-case witness killed at home

MIAMI (AP) — A key witness in one of the nation's biggest drug cases was gunned down behind a barbed wire fence that surrounded his home, the fifth shooting victim connected to an upcoming trial.

At the center of the case are Augusto Guillermo "Willie" Falcon and Salvador Magluta, accused drug smugglers with connections to Panama's current president.

"Federal prosecutors have said previously that,

in their heyday, Augusto Falcon and Salvador Magluta controlled the largest drug ring on the East Coast, and one of the five biggest in the world," Jim Shedd, a spokesman in Miami for the Drug Enforcement Administration, said Wednesday.

Falcon and Magluta, both of Miami, allegedly smuggled 75 tons of cocaine into the United States in the 1980s. At the time of their October 1991 arrests, federal authorities identified \$2.1 billion in assets the men controlled in two Florida counties.

## Colombian stowaway going home

MIAMI (AP) — A Colombian teen-ager who says he stowed away to Miami in the wheel well of a cargo jet will be sent back to his homeland, U.S. immigration officials said.

Juan Carlos Guzman, 16, lied about his identity, claiming to be 13-year-old orphan "Guillermo Rosales," said Walter Cadman, local director of the Immigration and Naturalization Service.

The boy arrived June 4 aboard an Arca Airlines DC-8 jet. Guzman said he took the three-hour trip from Cali tucked inside the plane's landing-gear wheel well.

Some authorities doubt that part of his story, but Cadman said Tuesday there is no longer any question he lied about being an orphan.

"The boy is not who he purports to be," he said. "The stuff he said about his family, his name and his age, none of that is accurate. Given the fact that other things haven't panned out, we don't know how he really got here."

INS officials asked Guzman to leave the United States by July 14, when his current immigration parole expires.

His lawyer, David Iverson, said the boy is depressed "because he has to go back to the terrible life he had in Colombia."

Iverson said he would make a final attempt to keep the boy in the United States. Guzman was staying with a cousin.

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