

## Budget Markup

November 12, 1981

Reflections on the day's events. The AM meeting was delayed while PD went to White House. The Republicans have spent the week waiting for signals-- Reagan's press conference was a damper on PD; then Reagan asked PD & Baker (I guess) to White House this AM and asked him not to do anything. But Pete comes back and says that committee can work will and listens to members. People on his side say he ought to proceed with his "mark" and he does in the PM session. There are two strong themes here.

(1) Congress has a responsibility to pass second budget resolution-- regardless of what President does. In this sense initiative is passing to the Congress (see Gorton) at a time when President is pulling in his horns and riding it out til his Jan. budget message. PD and Republican want to indicate to the country that something can be done.

(2) The Budget Committee has got to keep the budget process alive. That means they can't just go with the first budget resolution since that makes the second budget resolution a sham (the nudist resolution in Armstrong's language). The problem is, what is the necessary level of activity they have to engage in at this time to save budget process.

The Democrats are making hay out of two circumstances.

(1) The Stockman article (it played on all networks, McNeil-Lehrer and Lawmakers) which they can claim shows dishonesty, deception, no belief in Reagan program, etc. (2) The rift between Domenici and the President, in which they (i.e., Johnston Resolution) claim to be strengthening his hand but which really embarrasses him by pushing him into a more extreme position than he wants to take. But they are exploiting the rift for all its worth--saying to Domenici, "We are trying to help you in your difference with the President. But they want to take him into more open criticism of the President.

The debate got personal and political today. Pierre REDmond said he hadn't seen the committee ever get that way before. Afterwards, Bob Fulton said "That is the time when we get down in the trenches and start to slice each other up. I've never seen it get so personal, with Riegle pounding the table. We didn't have our troops here, so we had to adjourn.

Preston - the economist from the federal reserve of Minnesota said, "People spend too much time arguing about the economic assumptions. The question of whether or not you cut entitlements or cut the defense budget has almost nothing to do with economic assumptions." Also "The first budget resolution was amiable. It never got this personal. And the Chairman got a little irritated."

I thought Pete didn't get any support--except from Gorton--when the Democrats were pressing him on the Johnston Resolution asking RR to come forth with an economic program now. Armstrong supported Johnston pretty much--and K , Symms, Quayle and Kastenbaum and just sat there and let him take it and get hot under the collar. Of course, it may all be viewed as a charade. But at the end, there were more Dems around than Republicans. Hollings, Chiles, Johnston, Hart, Metzenbaum and Riegle were all there at end--not Metz, I guess. Hart said he couldn't be there tomorrow and wanted to be recorded vs. Domenici Mark and for Hollings Mark and for Johnston Resolution. A show of partisanship.

One key thing here is the collapse of bipartisanship. PD keeps saying that he consulted "for a while" with Hollings or had "some conversations" with Hollings. He indicated at outset that he didn't think bipartisanship coalition was possible; but later he said 'some of you fellas may vote with us.' And Pierre said that since Pete couldn't count on guys like Quayle, he might have to bring over guys like .

Pete often said he didn't think any resolution could pass the committee--a kind of fatalism or despair--yet he pushed ahead by offering his mark. Why

did he do it if he didn't think he'd win and was sure House wouldn't act?

He said he did it for educational purposes, to show people how hard it would be to balance the budget. He sort of feels he must go through with it for some strong, deeply held reason. It's a kind of integrity about it all that drives him.

Or, more cynically, personal political advantage of some sort in being some distance from Reagan.

Question. Can the budget process be saved without a bipartisan coalition supporting it?