

Senate committee downs plan

Reagan budget rejected

Associated Press
WASHINGTON — The Senate Budget Committee rejected President Reagan's fiscal 1987 budget Thursday, agreeing that his formula for domestic spending cuts, a continued military buildup and no general tax increases will fail to meet a required \$144 billion deficit target.

The vote was 16-6 against the president's plan, with only six of the panel's 12 Republicans voting in favor of it.

After the vote, White House budget director James C. Miller III issued a statement saying Congress always modifies what the president proposes.

"I'm grateful that some senators voted for the president's budget and that others expressed support for many of its features," Miller said.

Sen. Pete V. Domenici, R-N.M., the committee chairman, set the

mostly symbolic vote in an apparent effort to avoid prolonged partisan wrangling over the president's spending plan, which has attracted virtually no support on Capitol Hill. He voted in favor of the budget, however.

While Domenici has said increased taxes will be needed to trim deficits, he refused to dismiss Reagan's call for more military spending.

"The reason we need revenues is to make sure we put enough in defense," Domenici said. He added that the \$22 billion in domestic spending cuts Reagan included in his budget likely will be needed.

"It ain't so" that the deficit target can be met with tax increases and trimming military spending alone, Domenici said.

Sen. John Danforth, R-Mo., one of the six Republicans who voted against the president's budget, said,

"Every president's budget, almost, is dead on arrival."

"Why? Because it's the starting point," Danforth said, adding, "I'm going to vote against the president's budget because I think we can improve on it."

But Sen. William Armstrong, R-Colo., who backed Reagan's budget, dismissed the committee action saying, "This is an exercise in president bashing" that was demeaning to the committee.

Foreign credit charge cuts may boost U.S. economy

Associated Press
NEW YORK — Several foreign governments cut key credit charges Thursday, raising fresh hopes that the United States will enjoy a prolonged pattern of falling interest rates.

Financial analysts said the cuts by foreign central banks would allow the Federal Reserve Board to push credit costs lower here and provide a further boost to the economy.

The central bank of West Germany, the Deutsche Bundesbank, announced it was reducing its discount rate — the charge on loans to commercial banks — from 4 percent to 3.5 percent effective today.

In Tokyo, television and press reports said Bank of Japan had decided to cut its discount rate for the second time this year. The reports were attributed to unidentified sources who said Japan's central bank governors would meet today to formally endorse the point reduction to 4 percent.

France and the Netherlands also

announced they were lowering their official rates.

Governments often adjust discount rates to influence economic activity and lowering them usually is an attempt to spur growth. But economists said the latest cuts are more likely to enable the Federal Reserve to lower credit costs in the United States without altering the relationships between interest rates around the world.

After the announcement from the Deutsche Bundesbank many economists said they expected the Fed soon to cut the U.S. discount rate.

Philip Braverman, chief economist for Irving Securities Inc., said: "The Fed now has the leeway to make its own move. It could come as early as this weekend."

Changes in the discount rate can have widespread repercussions. A cut could set off a chain reaction, perhaps encouraging banks to lower their prime lending rates and other borrowing charges, analysts said.

No smoking in Houston's sports arenas

HOUSTON — Advice for smokers in Houston: don't light up at indoor sporting events.

New regulations, adopted by City Council on Wednesday, bar smoking at indoor activities ranging from major league athletic events to indoor ping-pong matches at the Houston Astrodome, the Summit, Sam Houston Coliseum and other city arenas including high school gymnasiums.

Rock concerts, however, are exempt from the rule, which takes effect March 15.

The smoking ban, proposed by Councilman Jim Westmoreland, carries a fine of up to \$200 and affects only the spectator seating areas and the playing field.

The ordinance is the latest addition to a no-smoking list that includes movie theaters, public schools, hospitals and many types of retail and food stores.

Councilman Frank Mancuso, a cigar smoker and former professional baseball player, criticized the sports-only plan as discriminatory against smoking sports fans in favor of rock fans. Mancuso said protecting the health of "the poor athletes" is useless because "too many inhale a lot more than just nicotine smoke."

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