

# Ambivalence in Peoria: City's Woes Reflect Budget Conflict

By DAVID ROGERS Staff Reporter of THE WALL STREET JOURNAL

*Wall Street Journal (1923 - Current file); Feb 17, 1984;*

ProQuest Historical Newspapers: The Wall Street Journal (1889-1995)

pg. 54

## Ambivalence in Peoria

# City's Woes Reflect Budget Conflict

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL.  
PEORIA, Ill.—A smile crosses John Dosier's face at the mention of his prize Hampshire hogs, but it disappears quickly when the Mason County farmer is asked about Ronald Reagan's budget.

The \$180 billion deficit looms as large as the prize 600-pound wet sows that wander in empty cornfields outside. And after several years of low prices and poor exports, paying 13.5% on borrowed money can make that budget gap personal.

"You're damn right I worry," he says at his kitchen table. "Here's this big deficit out there, and the government's got to come finance it. They're going to be competing with me."

A warm sun this week was a reminder that another spring is coming for this depressed Midwestern city. Yet as Peoria tries to recover, its economic future seems interwoven



more than ever with the budget problems of a government whose aid it once shunned.

On one side of the ledger, record deficits contribute to high interest rates and an abnormally strong dollar, which threaten to choke the farmers and heavy industry along the Illinois River. The other side shows an increased dependence on federal aid, whether to retrain workers and attract new businesses or simply to pay unemployment benefits and help farmers escape from the damage of last summer's disastrous drought.

### Conflicting Feelings

These crosscurrents illustrate why the politicians back in Washington are having such a tough time dealing with the diverse demands of the federal budget this election year. While every district is different, many lawmakers—home this week during a congressional recess—may be hearing the same sort of conflicting feelings that House GOP Leader Robert Michel is encountering from his constituents here in Peoria.

Unemployment remains a very high 12.6% of the work force, and in the Peoria area 12,000 lost jobs at Caterpillar Tractor Co. have yet to come back. The "yellow grant" has benefited from an 11% increase in sales to the Pentagon, but this is small consolation for a company that saw its foreign sales drop to \$2.49 billion in 1983, less than half the level of two years ago.

While the first pages of Mr. Reagan's

budget message this month scarcely mentioned the deficits ahead, Caterpillar's glossy annual report, released Tuesday, was more direct: "It's doubtful much will be done in an election year, but we believe it's important that the problem 'stay on the front burner,'" said Chairman Lee Morgan. "The huge deficit affects interest rates, and those rates, in turn, have undesirable effects on the value of the dollar and the debt of developing countries."

But Erma Davis reflects another view here. Long before Richard Nixon joked about how things play in Peoria, Mrs. Davis remembers a future comedy star, Richard Pryor, playing on stage at the George Washington Carver Association's community center on the city's predominantly black south side. Today the wood-frame building houses a health center as well, and as union workers exhaust their jobless benefits, they come with the poor for care.

Mrs. Davis, the executive director, had sought to avoid a dependence on federal funding, but the center isn't immune from the reductions of recent years. Illinois's financial problems have compounded the situation, and while the president has spoken optimistically of private charities stepping in, the Peoria United Way was forced to cut its annual contribution to the center by an estimated \$35,000 last year.

### Caseload Grows

Without health insurance for the unemployed, the caseload has grown. But federal and state cuts have limited coverage and the level of reimbursement for costs absorbed now by the local Methodist hospital that sponsors the center.

The center charges \$15 for a patient's second visit; Illinois reimburses only about \$10.50 of this. At the dental office down the hall, a child on welfare is covered for root-canal work; his mother isn't. The Reagan administration's budget again proposes some copayment from Medicaid patients, but most of the savings in Washington ultimately is a cost at the center.

"I'd tell him (Budget Director David Stockman) to come out here and live in one of these homes for a while," says Dr. Thomas Carswell, the center's director. "Two dollars pays for a lot of grits when you're hungry."

Mrs. Davis, a member of the president's Task Force of Food Assistance, still smarts from news reports that labeled the panel a commission on "hunger." Its recommendations, which in many cases contradict Mr.

Reagan's budget and would increase benefit levels, received little attention, she complains, and the entire deficit debate seems far removed from the neighborhood.

"It's hard to think about deficits in Washington when your very survival is the No. 1 priority," she says. "A job, a job, and all those things which come with it."

### Uncommon Desperation

Such desperation was once uncommon to Peoria, for this is a place bent on producing things, whether hogs or corn or tractors; men here wear caps not of baseball teams but of companies and growers' associations. The region's products competed successfully on a world market, and this proud past makes it harder to accept the frustrations now.

More than 560 farmers in Mason County were paid in cash or grain by the government not to raise all or part of their corn crop last year. For many, these payments-in-kind were a boon given the severe drought, but sitting at his home computer, Mr. Dosier punches out numbers that dismiss the program as a costly and doubtful distraction. With good irrigation, he had less to gain than others, but more generally he seems to long for the freer market that long gave farmers here an edge with their easy access to river barges on the Illinois.

Nearly eight years ago, he sold as many as 100 hogs abroad as breeding stock. In 1983, the number was closer to 12. A world that once seemed to work doesn't anymore, and much of that anger is turned toward the government.

Rep. Michel, the House minority leader, is Washington here, and for almost three decades the barrel-chested Republican has represented Peoria in Congress. A signed

photograph of Herbert Hoover hangs on his office wall, but like much of the 18th District, Mr. Michel has had to adapt his conservatism to the changing times.

He faced a tough reelection fight in 1982 and tried to stick to his fiscal beliefs after leading the Reagan charge for budget cuts. "I don't think you prove you're effective by what you get out of the federal till," he said before the election. Since narrowly surviving that challenge, the GOP leader isn't as shy about delivering federal largesse here.

At a news conference Wednesday, he mentioned a \$45,000 training grant for the regional building trades council, and his newsletters include long lists of housing and urban development grants. A \$2.5 million Urban Development Action Grant helped provide financing to keep Keystone Steel & Wire Co. in its nearby Bartonville plant, and with business support the Economic Development Council has emerged to seek federal funds in an effort to attract new industry.

The Pere Marquette Hotel, restored to its past glory, is a ready symbol of the new mix in Peoria. Caterpillar bought bonds to help finance the project, but federal funds also played a part.

"The history of the area is such that it was an island unto itself," said an aide to

Mr. Michel in Washington. But more people "have come to the realization that we have to draw on every resource available to get through this thing," said Ray LaHood, the congressman's district manager. "Our whole emphasis, and it may be our slogan, is 'He works for you.'"