

appear designed to impede him from carrying out his duties as an advocate for veterans. Further, the bill does not provide necessary funding for VA hospital construction.

For these reasons and others my Administration has conveyed to the Congress in earlier communications, I cannot accept this bill. This bill does not reflect the values that Americans hold dear. I urge the Congress to send me an appropriations bill for these important priorities that truly serves the American people.

WILLIAM J. CLINTON.

THE WHITE HOUSE, December 18, 1995.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

THE GOVERNMENT SHUTDOWN CRISIS

Mr. KENNEDY. Mr. President, first of all I want to identify with what I think has been a very compelling case made by a variety of my colleagues here on the floor of the Senate, by the Senator from New Mexico, the Senator from Maryland, and the Senator from Kentucky, in describing in very human terms what is happening with real families impacted by the Government shutdown. And that same situation is happening in spades in my own State of Massachusetts. There are heartrending stories of families that in so many circumstances really are being devastated. The adverse impact on children continues. And it is very real. The prospects are of serious consequence, indeed. And that is a very important issue for the American people to dwell on, to be concerned about and also to bring their best judgment on the levels of power to try to remedy it.

The Government shutdown was remedied here in the U.S. Senate by the actions that were taken by Senator DOLE, and I think all of us want to take note of his leadership and understanding—that this charade of closing down the Government is nothing but a charade.

If our good friends, our Republican friends, the majority in the House and Senate, had met their responsibilities, these various appropriations bills would have been passed as has been done in other years. If they had been vetoed, these matters would have been worked out in the same way they have been historically—as has been described by the Senator from Maryland.

It is not a shutdown because even our Republican friends say they are going to pay all of these individuals eventually. So it is really not a shutdown. The taxpayers are going to pay these people.

Maybe they get some satisfaction, the Senator from Oklahoma and others, from the fact that the Americans are not going to be working now. They are not going to work, and, yet, our Republican friends say eventually they are going to be paid. And in the meantime, we have these human conditions and human tragedies that are taking place. The American people understand it. I think all of us are very hopeful that our Republican friends in the

House are going to follow the leadership that has been provided in the Senate by Republicans and permit the opportunity for the services to be continued which are in so many instances essential for the well-being of our fellow citizens. And, I am hopeful that whatever differences exist can be worked out as has been part of the proud tradition of this country.

Mr. President, I wish to address an issue which is related to these negotiations which are taking place between the leadership, Republican and Democrat, and the President. It is one aspect of these negotiations which I think bears close attention by our colleagues here in the Congress and the Senate but most of all by our senior citizens and by working families in this country, because it is a matter that will have a very significant and important adverse impact on them if it is included in the budget proposal.

Like others, I have stated that we are for the balanced budget, but we do believe it has to meet the basic criteria of being fair and just to the American people. That means if there is going to be belt-tightening, it ought to be across the board and not be particularly burdensome to the neediest and most vulnerable, the children, disabled, the neediest families in our society. That means we ought to make sure whatever the final outcome is going to be, it will be fair and just for all Americans. It is on that issue that I address the Senate for these few remaining moments this morning.

LEGISLATING A CHANGE IN THE CPI

Mr. KENNEDY. As the President and the congressional leaders discuss ways to achieve a balanced budget, one idea should be rejected out of hand—legislating a change in the Consumer Price Index.

That kind of arbitrary action by Congress would break faith with the elderly and make a mockery of the commitment of both parties not to cut Social Security.

It would raise taxes on low-income working families qualifying for the earned income tax credit—and other working families as well.

It would lead to lower wage increases for millions of workers throughout the country at a time when one of the most serious challenges our society faces is the decline in the living standard for all but the wealthiest families.

Such a change would be harshly regressive in its impact. It would be unprecedented political meddling in what has always been an impartial, factual determination of the CPI.

Reducing the CPI would reduce cost of living adjustments for millions of Americans receiving Social Security benefits, military pensions, veterans' pensions, and civil service retirement. It would reduce the amount of Supplemental security income payments to the needy. Because of indexing of tax

brackets, it would raise income taxes for most taxpayers—and reduce the earned income tax credit.

According to the Congressional Budget Office, a 1-percent decrease in the change in the CPI would reduce Government spending and increase Government revenues over the next 7 years, for a total deficit reduction of \$281 billion. Some may see this large sum as a magic bullet to balance the budget and avoid other painful choices. But it is a bullet aimed at millions of Americans who need help the most, and who don't deserve this added pain. It makes no sense to fight hard to save Medicare—and then attack Social Security.

Legislating an arbitrary reduction in the CPI would clearly break the compact of Social Security. That compact says, "work hard, play by the rules, contribute to the system, and, in return, you will be guaranteed retirement security when you are old." An essential part of that compact is a fair Social Security COLA, so that senior citizens can be sure that their hard-earned Social Security benefits will not be eaten away by inflation.

Overall, more than three-fourths of the lower spending under the change would come from cuts in Social Security alone. Nearly all the rest would come from other Federal retirement programs. It is the elderly who will pay heavily if Congress adopts this change.

Over the next 10 years, a 1-percent cut in the COLA would reduce the real value of the median income beneficiary's Social Security checks by \$5,300. By the 10th year, the real purchasing value of that check would be 9 percent lower—making it even harder than it is today for senior citizens to stretch their limited incomes to pay the bills for housing, food, medical care, and other necessities.

Reducing the Social Security COLA is a direct attack on the retirement benefits that senior citizens have earned. If Congress is to respect family values, it has to value families, especially the millions of elderly families all across America.

Changing the CPI also affects the deficit by increasing taxes, because income tax brackets and the earned income tax credit are indexed to inflation. If tax brackets are not adjusted for inflation, taxes go up and the earned income tax credit goes down.

Failing to adjust tax brackets hits middle income families the hardest. For the wealthy, the change in the CPI would have a minimal impact. A family earning \$100,000 would see its taxes rise by one-third of 1 percent of its income. But for families at lower income levels, the differences are far more significant. A family earning \$36,000 would face a tax increase that, as a percent of income, would be more than four times as large. The hardest hit of all would be low-income working families who depend on the earned income tax credit. Twelve percent of the total tax increase—\$13 billion—would be paid by these low-income hard-working families.

The impact of cutting the CPI reaches well beyond the Federal budget. It is also a direct attack on the wages of working families. Many workers have CPI adjustments in their collective bargaining contracts. But every pay increase is affected by the CPI. If the CPI is reduced by Congress, wages will be lower too for virtually all workers across the country.

There is no greater source of dissatisfaction in American families than the continuing erosion of their living standards. Except for the wealthy, the story of the past two decades has been "work harder and earn less." Cutting the CPI will make a bad situation even worse, by putting even greater downward pressure on the wages of every American.

Lowering the CPI has been presented as merely an overdue technical correction that should be supported as a matter of good government. This claim cannot pass the truth in advertising test.

The technical argument for lowering the CPI has been made by the Boskin Commission, which was appointed by the Senate Finance Committee to examine the issue. The Commission issued an interim report last September, which identifies several biases in the calculation. The Commission asserted that the CPI has overstated inflation by 1.5 percent a year. For the future, the Commission predicted that the CPI would be 1 percent a year too high.

The major problem with the Commission's analysis is that the sources of bias it identifies are also identified by the nonpolitical professional economists at the Bureau of Labor Statistics in the Department of Labor. They have the responsibility for setting the CPI each year. They do so fairly and impartially. They make periodic corrections to take account of any biases—up or down—that affect the index. The Bureau already plans to reduce the CPI by about two-tenths of 1 percent in 1997. This reduction is already assumed in the budget projections for the next 7 years.

The issue is not whether there should be changes in the CPI, but who should make them and how large they should be. The Boskin Commission's work is a poor basis for changing the CPI. As the Commission itself acknowledged, it did little original research. The Commission's membership was stacked with economists who believed that the CPI was overstated. According to Dean Baker, an economist at the Economic Policy Institute, "All five members had previously testified that they believed the CPI was overstated. Economists who gave contrary testimony * * * were excluded."

According to Joel Popkin, another expert on the CPI, the Commission comprised five of the six witnesses before the full Finance Committee who gave the highest estimates of bias. As Mr. Popkin also pointed out, the interim report of the Commission falls far short of presenting adequate jus-

tification for its conclusions, and therefore provides no basis for Congress to change tax policies or entitlement programs such as Social Security.

In fact, for the elderly, the group most affected by any change, the most authoritative study by the Bureau of Labor Statistics suggests that the CPI may understate rather than overstate the true increase in the cost of living, because of the rapid increase in medical costs for the elderly.

To legislate an arbitrary change in the CPI would be unprecedented. In the entire history of the CPI, the Congress has never tried to impose a politically driven adjustment, and there is no excuse for imposing one now. Senior citizens and working families across the country depend on a fair CPI, and Congress should keep it that way.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, my understanding is that at this point in time, the Senators desiring to be recognized would request unanimous consent to speak for a stipulated period?

The PRESIDING OFFICER. That is correct.

Mr. WARNER. Mr. President, I ask unanimous consent that I may speak for 3 minutes and then that the Senate turn and recognize the distinguished junior Senator from Mississippi, the majority whip.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CPI AND BLOCKING THE LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION BILL

Mr. WARNER. Mr. President, I just wish to say to my colleague from Massachusetts, I listened very carefully. This question of the CPI is open for debate. Thus far, consideration has been given in a bipartisan manner by Members on both sides of this aisle, and as yet there has been no resolution. I think, indeed, there is some consideration at the level of the President and his senior advisers on this issue.

But, Mr. President, what disturbs me so much is that the Senator from Massachusetts sought to come here this morning and talk about that issue, yet he fails to address one of the most burning issues indeed on both sides of the aisle here in the U.S. Senate, and that is the inability of the majority leader, the inability of the chairman of the Appropriations Committee, to bring up the Labor and Human Resources appropriations bill. It is stopped, blocked, such that this body cannot—cannot—act upon that very important piece of legislation. The distinguished Senator from Massachusetts is the ranking member of that committee, and as such he is in a position to see that this piece of legislation could be brought forward.

This Senator is receiving reports this morning—and I called in as early as an

hour ago to the CDC, the Centers for Disease Control, and to the facilities here in Maryland—as to what the impact is of this shutdown on those very important, ongoing health advisory services to all of our citizens, and I shall later in the day perhaps be able to advise the Senate. I heard that the CDC is not able to monitor the flu epidemic that is now in the United States.

So, Mr. President, I would hope that at some point, if the Senator from Massachusetts desires to return to the floor, that he might address this important issue. I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. KENNEDY. Could I have a minute to respond to the Senator from Virginia?

The PRESIDING OFFICER. Will the Senator from Mississippi yield?

Mr. LOTT. Mr. President, if I could get clarification, I would be glad to withhold so long as the Senator does not use a minute of my own time. Could we agree he have a minute, and then I have the time allocated to me?

The PRESIDING OFFICER. There is no time assignment to the Senator from Mississippi.

Mr. LOTT. I withhold until the Senator responds.

Mr. KENNEDY. Mr. President, it is so interesting to listen to my good friend and colleague cry crocodile tears for the Centers for Disease Control because in the very appropriations bill the Senator has talked about he would cut the Centers for Disease Control by a third and diminish its effectiveness to deal with these communicable diseases.

That is an issue we ought to be debating out here. The Senator knows we could pass that bill if it had not come with the unwarranted and unjustified positions that have been assumed by the majority in undermining a woman's right to choose and including striker replacement. Drop those, and it passes by a voice vote this afternoon, I say to the Senator.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

MISINFORMATION ABOUT THE GOVERNMENT SHUTDOWN

Mr. LOTT. Mr. President, I am pleased that there have been efforts at the White House, meetings between the President, the Vice President, and the leaders of Congress to try to find a solution to our budget problems. I know that sometimes they feel like they are trying to grasp for the wind. It is very difficult to find a solution, but it is a very, very important effort. I wish them continued encouragement in their efforts to find an agreement to the budget. I have been very much concerned that it does not seem like they are making that much progress.

The way you get a budget agreement, the way you get any agreement any time when you have two opposing