

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.