

Finally, we have a shared commitment between the Congress and the President to reach a balanced budget. What we also need, and need very urgently in my opinion, is a shared commitment, including the commitment of House Republicans, to maintain a functioning Government. This Senate has acted responsibly in passing a continuing resolution to once again fund the Government as we did last evening. Today the House Republicans have the opportunity to act responsibly as well. I sincerely hope that they will seize that opportunity.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho.

COME TO AN AGREEMENT ON THE BUDGET

Mr. CRAIG. Mr. President, I, like many of my colleagues, have returned to Washington this week, hopeful that the Congress and the President can come to an agreement on the differences they hold over the budget issues that the American public are now so aware of, as a result of the continuing shutdown of Government or a portion of our Government. I stood on this floor just before Christmas and asked the President to give the American people a present, a Christmas present, a balanced budget that would look toward the future, that would assure the economic viability and vitality of this country well into the next generation. And that it was at Christmastime that we should start.

That did not happen. In fact, the President did just the opposite. He vetoed appropriations bills that were sent to him. At least as a result of the veto of one appropriation bill, the Interior appropriation bill, he furloughed, by that action, a good number of workers in my State, Federal employees in the Forest Service and the BLM, who are now extremely frustrated and calling my office and saying why can we not work? Why can we not be paid? Why can we not continue to do what we do for our country?

Let me say to those workers that I am sorry they are not, today, at work. Not just them, but all Federal workers in my State. The President did not veto the Interior appropriations bill because of the dollars and cents of it. He vetoed it because of his belief in a policy or an attitude that is in disagreement with the majority of the U.S. Congress on how many trees ought to be cut in a forest in Alaska, or how certain lands ought to be mined.

So, I am sorry, to those employees in my State, because the Congress did its work and it responded to them, and to the Government, by sending the appropriate appropriations bill, only to be vetoed by the President.

So to those workers, let me tell you. You are today being held hostage by a President who refused to sign appropriations bills that had been sent to him. That is all I want to say on that

issue. And I say that because I believe the Federal workers who are furloughed ought to be paid. They are furloughed through no fault of their own. And this Congress and this President ought to come to an agreement to resolve that issue. And I hope that is accomplished before the week is out.

Yesterday, the Senate spoke in an effort to try to bring Federal employees back onto their jobs. And that did not work for the House is still considering its options as appropriately it should.

So, Mr. President, I hope you recognize the importance of the work that we are trying to accomplish here. And I hope that we would not continually look at just tomorrow because, while I am not happy that our Government is shut down, I am not worried about tomorrow and tomorrow's unemployed Federal workers. But I am worried about the future and a balanced budget; and, that we will have a strong, stable Government as a result of a strong, stable U.S. economy that is able to appropriately fund the needed services of Government and assure the long-term stability of the work force and the responsibilities and the goals of a Government. That is the way it ought to be. That is what this Congress has attempted to look at and make changes in over the course of the last 12 months.

It is my disappointment that the White House never sent a balanced budget to Capitol Hill, and it never once said, except in the last few weeks, that it would come to the table in an effort to resolve the budget crisis that we are now engaged in.

Several weeks ago the President did, while signing a continuing resolution, commit himself for the first time to work toward a balanced budget; to try to match up the rhetoric of his last campaign with the actions of his administration. Yet, the American people have watched. And we have worked day after day through Christmas and now into the new year at the White House and here on Capitol Hill to try to resolve the differences just to honor the commitment that we made to the American people and to try to cause this President to honor his.

I know there are fundamental differences. There are differences that are very difficult to resolve because there are some in this Congress, and certainly many in the administration, who do not believe in a balanced budget but who have profited politically over the years by the longevity of their service by assuring the perpetuation of the welfare state mentality; that you could just give and give and borrow and borrow and buy your way back year after year and continue to serve and to say all is well with the American citizen, the American Government, and the American economy.

While all was well for the short term, what became overpowering to the American people was the growth of a debt that is nearly \$5 trillion by its total amount and that is costing well over \$200 billion a year just to finance.

Finally, the American people spoke very clearly in the last general election across this country when it said the future of our country is every bit as important as the current well-being of our Government and the well-being of our citizens.

So I am here to work to resolve the issue. I say to the Federal workers in my State and across the Nation that while I wish you were not furloughed, and while I support you being paid when you return to work, and when we produce a balanced budget the future of our country is so very much more important than the short-term difficulty that I am sad you are experiencing but that, in fact, you are experiencing because the policies that will cause this Congress and our Government to operate in a near balanced budget year in and year out to stop building mounting debt is what is fundamentally important for the new year.

So while the President was unwilling to give the American people a Christmas gift, let me ask you, Mr. President, to make a New Year's resolution along with all of the Congress to by this weekend come to terms with the differences that we have between us to resolve a balanced budget in 7 years using the Congressional Budget Office numbers that we can all agree on, that makes sense to the American people, and that for the new year sets a resolution that says for the future, for America's future, for our young people's future, we will build a strong and stable economy in a Government whose policies are based on serving the truly needy but also recognize that the free market system unfettered by an ever-growing Federal Government is the one that serves the American people best.

Mr. President, make that New Year's resolution with us today. Resolve the issue before the week is out so that employees can go back to work who are responsible and dedicated and furloughed through no fault of their own. And they can be compensated, and the American people can see that politics in Washington is not politics or business as usual but that we have heard them well, we have heard them loudly, and we have heard them clearly. And we responded by producing a balanced budget that charts for future generations a responsible Government, and a strong and growing U.S. economy.

I yield the remainder of my time.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

THE GOVERNMENT SHUTDOWN

Mr. SARBANES. Mr. President, we have witnessed over the last few weeks an unprecedented effort to use a coercive tactic in order to achieve a particular substantive result—in my judgment, a totally irresponsible and outrageous tactic; and, this is, to hold Government hostage by closing it down and, therefore, not only depriving the Federal workers of the opportunity to

render service but depriving the American people of the service which they render. And I am going to develop here in a moment the impact this is having in the private sector.

There is a tendency to think primarily about the Federal workers who cannot come to work and cannot get paid. And that is true, and that is creating a tremendous hardship and tremendous crisis in many, many families all across the country. But a similar crisis is being created in the private sector which interrelates with the Government in terms of its economic activity.

The Government ought to be allowed to go about its normal activities while this struggle and debate over a 7-year budget plan takes place. There are very important fundamental differences over that budget plan. Very deep cuts in Medicare are proposed by some. There is strong resistance to that. At the same time, those who want the deep cuts in Medicare want to give large tax breaks. A lot of people do not see the sense in giving large tax breaks primarily at the upper end of the income scale at the same time that you are going to be imposing cuts in medical services on people with very modest means.

In all of this there is an effort in effect to create chaos, to hold the Government hostage as a bargaining tactic; a coercive bargaining tactic.

The majority leader yesterday here in the Senate, Senator DOLE, when we passed the clean continuing resolution which would allow the Government to resume its normal activities for a temporary period of time—workers would be back at work, they could do their job, people could get services, workers would be paid—said, and I quote him: "People have been gone from their jobs long enough. Enough is enough."

Today, the Washington Post in an editorial said, "They ought to reopen the closed agencies while they talk, since in fact they do finally seem to be talking. It's a nasty game, the shutdown, and it's gone on long enough."

At the outset of that editorial the Washington Post said, and I quote them:

Hostage-taking is an ugly business. It doesn't matter what the cause. Innocent people are seized and used as pawns; they become political trading stamps whose welfare is exchanged for things the hostage-taker could not win by normal means. That, even more than the mindlessness, the waste (in the supposed cause of economy in government), the inconvenience and the instances of outright harm to unpaid workers and unserved citizens alike, is what is finally wrong with the current government shutdown.

The basic issue raised is to what lengths will people go to try to get their way?

It is the hallmark of a democracy that you have to accommodate conflicting viewpoints. Democracy does not guarantee you that your way is necessarily going to prevail. It gives you an opportunity to try to persuade others.

We have a constitutional system of separation of powers and checks and balances, and it requires restraint and good judgment on the part of decision-makers not to sacrifice the means in order to gain their particular end.

Now, we have a classic case of sacrificing the means, the proper workings of democracy, in order to gain a particular substantive result. It has never happened before. Never before has the closure of the Government been used as a coercive tactic over substantive issues about which there are very sharp differences. But it is happening in this instance, and it is wreaking havoc.

I ask unanimous consent that this editorial from the Washington Post be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 3, 1996]

THE GOVERNMENT AS STAGE PROP

Hostage-taking is an ugly business. It doesn't matter what the cause. Innocent people are seized and used as pawns; they become political trading stamps whose welfare is exchanged for things the hostage-taker could not win by normal means. That, even more than the mindlessness, the waste (in the supposed cause of economy in government), the inconvenience and the instances of outright harm to unpaid workers and unserved citizens alike, is what is finally wrong with the current government shutdown.

Senate Majority Leader Bob Dole was trying again last night to find the formula to reopen temporarily. Good for him; it's the right position; and he takes it at a certain cost. Speaker Newt Gingrich said it would be "very hard" to find the necessary votes in the House without a budget agreement. Does he really lack the power to produce such a limited result? Sen. Phil Gramm, meanwhile, one of Sen. Dole's rivals for the Republican presidential nomination, spoke for the vaudeville wing of the party. He is one of those who, over the years, have found it convenient to make almost a cartoon of the federal government.

It's a straw-man style of politics. First you portray the awful thing, then you run against it, and no matter if the portrayal bears scant relation to the reality. "I do think we've discovered one thing," he said on television Sunday, "and that is, Have you missed the government? I mean, doesn't it strike you funny that 280,000 government employees are furloughed, large segments of the government are shut down? I think this proves beyond a shadow of a doubt that we need to go back and eliminate 150,000 to 200,000 bureaucratic positions." Mr. Gramm and others thus use the government as a stage prop. Rather than make the decisions they ought to be making—ought in fact to have made weeks ago—both parties are using it, or the lack of it, to score political points and gain leverage in the underlying budget talks, even as they also scramble to avoid the blame for the spectacle they have jointly achieved. We have a suggestion for them. They ought to reopen the closed agencies while they talk, since in fact they do finally seem to be talking. It's a nasty game, the shutdown, and it's gone on long enough.

Mr. SARBANES. I also ask unanimous consent that at the end of my remarks three articles from the Post about the impact of this shutdown also be printed in the RECORD.

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

(See exhibit 1.)

Mr. SARBANES. Mr. President, one article talking about the impact across the Nation of the partial Government shutdown. Let me quote from it:

Kansas stopped paying unemployment benefits yesterday, the first time a State has turned away claims in the federal program's 60-year history.

The Environmental Protection Agency sent home 2,400 of its "Superfund" workers and stopped toxic waste cleanup work at 609 sites across the Nation throwing hundreds of contract employees out of work . . .

With the holiday season over, the impact of the partial Government shutdown came into sharper focus as private sector companies and State agencies struggled with the ripple effects from Washington . . .

"We've never been through anything like this before," said Ronald Frank, Executive Vice President of Ecology and Environment, a Superfund contractor based near Buffalo that will furlough "a couple hundred" workers today. "I don't think this is the way the system ought to work."

He is absolutely right, it is not the way the system ought to work.

Another private sector operator, "Michael Tilchin, Director of Superfund programs at CH2M Hill Ltd, said 'hundreds of employees' would be furloughed."

His company is helping clean up an old manufacturing plant in Hellertown, PA, where hazardous wastes have contaminated the groundwater.

The job is 95 percent complete and may have an "unintended consequence," Tilchin said. "In the event the shutdown persists, the costs of shutting it down and restarting it may be larger than the cost of completing the work."

And another private sector businessman said: "If they had their own business, would they run that business this way?" he asked, referring to Congress. For the Government to have no plan to ensure that its programs will continue operating, he said, "seems kind of ridiculous."

It is ridiculous, and it is stupid and it is irrational, and it lacks any common sense. It just shows the limits to which some are prepared to go in terms of using coercive tactics in order to gain their way on another issue. That is what is at work here.

Are you entitled to use any and all tactics, no matter how disruptive, no matter how much chaos they create, no matter how much injury they do, no matter how much harm they inflict on people in order to gain your way?

That is not my understanding of how democracy works, and that is not my understanding of how our constitutional system is supposed to work. Every time there is a sharp disagreement, is the Government to be taken hostage as a coercive tactic? In fact, we have a national policy of not negotiating with hostage-takers. That is the position the United States takes when it is confronted with this situation in the international arena.

The ripple effect that is being felt throughout the economy is extraordinary. "Hundreds of companies whose

Federal contracts were frozen when the furlough began * * * have either sent employees home or may have to do so soon."

These are not Federal employees. These are private sector employees. The Federal employees, many of them, are coming into work, over 500,000, and not being paid. And I ask people to stop and think: How long could they go without a paycheck?

Now, there is apparently a certain insensitivity in the Congress to that, but it may just reflect the fact that many Members of the Congress have significant economic means and the loss of a paycheck would not impact upon them the way it does on ordinary citizens who cannot go without a paycheck. They have mortgage payments to make; they have car payments to make; they have school payments to make.

Beyond the Federal employees are all of the private sector employees who are being impacted very sharply, and those employees, unlike furloughed Federal workers who expect to be reimbursed eventually for time off the job, most employees of Federal contractors and vendors will not be paid retroactively.

Mr. President, the impact of this is reaching not only locally and nationally, it is also reaching internationally. Visa applications by foreigners to come to this country have come to a complete halt. There are 20,000 to 30,000 applications made a day. Many of these people want to come for business purposes, for tourism, which is, of course, important to the functioning of our economy. We have just cut that off. These visas are backed up. Americans are backed up now waiting for passports. In many instances, people have forfeited payments for travel arrangements.

With the action taken by the Senate yesterday we have the opportunity to correct this situation. There is a clean resolution that has gone to the House. I very much hope the House will pass it; that this exercise in hostage-taking will come to a halt and the talks on the overall 7-year plan can continue with their sharp differences, but this irresponsible tactic, this impermissible tactic of coercion by closing the Government down ought to come to a halt.

I yield the floor.

EXHIBIT 1

[From the Washington Post, Jan. 3, 1996]

INCONVENIENCE EDGES TOWARD EMERGENCY

(By Thomas W. Lippman)

In Vietnam, the government has threatened to cut off electricity to the U.S. Embassy because the \$1,600 bill hasn't been paid.

In Russia, U.S. diplomats took out an interest-free loan from the Moscow embassy's community association to cover the payroll for Russian employees.

In Cuba, the trucker who hauls drinking water to the U.S. interests section has refused to make any more deliveries until paid.

Between 20,000 and 30,000 applications by foreigners for visas to come to this country are going unprocessed each day, creating a

huge backlog of paperwork and infuriating prospective visitors. And in this country, more than 200,000 Americans are waiting for passports that cannot be issued.

Such is life in the State Department in the third week of a partial government shutdown that has cut off the department's money and blocked almost all nonemergency spending. Senior officials yesterday described a mounting sense of crisis as undone paperwork piles up, the backlog of unprocessed visa and passport applications grows, travel plans are canceled and embassy officials scramble for funds to pay restive local employees.

"We just don't have any cash," said Richard M. Moose, undersecretary of state for management. As long as suppliers and contractors are willing to extend credit for the few expenditures authorized, the State Department can get by, Moose said. But in the many parts of the world where the department has to lay out cash as services are provided—including several countries where security companies demand payment up front to provide guards—the current mass inconvenience is about to become an emergency, Moose and other officials said.

People around the world may find it hard to believe that the United States could be reduced to the level of "banana republic," Moose said, but "my threshold of believing what can't happen is getting lower all the time."

State is one of nine Cabinet departments and assorted independent agencies whose fiscal 1996 appropriations bills have not been signed into law by President Clinton and thus are mostly shut down because of the budget impasse between Clinton and the Republican-controlled Congress. State, more than any other agency, has spread the impact of the shutdown around the world.

Among those who have felt it are students who planned to start classes this month in foreign universities, vacationers who had firm travel plans and nonrefundable tickets, and people with job offers from employers overseas.

"We had an 84-year-old woman who wanted a passport to go to Rome because her bishop was being elevated to cardinal" in the Roman Catholic church, a State Department consular official said. "We had to say no because it wasn't an emergency."

In many foreign countries, according to Moose and other officials, local laws do not permit the furloughing of local employees. As a result, "we have to let them come to work, but we can't pay them." Worse than that, other officials said, is the fact that visa applicants can see all these furlough-proof local employees at their desks, but are unable to obtain any service because the workers are not permitted to do anything.

"All this is unprecedented. We hope for a solution soon. Otherwise things will just get worse and worse," said Pamela Harriman, U.S. ambassador to France.

State Department and Office of Management and Budget officials said the cutoff of visas and passports has cut into airline revenue at a peak travel season because tens of thousands or even hundreds of thousands of prospective travelers had to stay home. Airline industry spokesmen, however, said they have so far noticed little impact.

Some of the impact of the shutdown is more embarrassing than substantive. Harriman and all other ambassadors, for example, have been told they cannot spend money on what is known as "representation," which mostly means entertainment. No luncheons for visiting business executives, no cocktail parties for important locals, no travel to ribbon-cutting and statue dedications.

The shutdown also is undermining morale in the ranks as leaves and long-planned transfers are canceled and work that is being done goes unrewarded, senior officials said.

In Colombia, for example, U.S. consular officials who worked all last week to help families of the victims of an American Airlines crash were treated as "volunteers" because there is no money to pay them.

In Washington, newly appointed foreign service officers are planning to meet tonight to commiserate over cancellation of their first deployments.

And morale among State Department and U.S. Information Agency employees at overseas posts is likely to fall further on the next scheduled payday, officials said, because their colleagues from funded agencies, such as Defense and Agriculture, get full paychecks but they do not.

Those concerns, however, pale before impending crises in security and communications, officials said.

"I don't think the system can tolerate this for many more days," said OMB Deputy Director John Koskinen, noting that local personnel in many foreign countries "live paycheck to paycheck. That raises a serious problem for us because a number of those people provide security."

"The places that really worry us are the ones where the FSNs [foreign service nationals, or local employees] are at the lower end of the pay scale anyway," Moose said, citing Cairo, New Delhi and Moscow as examples. He said in many embassies funds used for recreation or commissaries are being tapped to cover the payroll shortfall.

In embassies that have U.S. Marine guards, Moose said, the State Department is responsible for paying for the Marines' food but no longer has the funds to do so. "Maybe we can get the Corps to carry us on the cuff. It doesn't do a lot for our image," he said.

As if to underline his point about image, the U.S. Embassy in Mexico City, where the shutdown has been front-page news, sought to allay fears about the solvency of the government in Washington.

"The embassy wishes to make it clear that this situation arises from the constitutional definitions of how the United States budget is passed into law and does not represent any fundamental inability of the United States of America to pay its bills," the statement said.

On Saturday, Moose said, the State Department will run out of money to pay the contractors who run its worldwide communications network. Diplomatic cables, e-mail and secure telephones—the lifeblood of diplomatic communication—could be truncated or cut off, he said.

The restriction on all but emergency travel will not block Secretary of State Warren Christopher and a sizable entourage from flying this weekend to Paris and the Middle East, officials said. One reason is that Christopher travels on an Air Force plane, and the State Department's credit is good with the Air Force.

[From the Washington Post, Jan. 3, 1996]

RIPPLE EFFECT COULD LEAVE AREA REELING

(By Peter Behr)

On a normal day, Duke Chung's Manhattan Bagel shop would serve more than 1,500 bagels to employees of the National Science Foundation and nearby contractors in Ballston. Now he feels like the hole, not the dough.

"Today, it was a little over 200," said Chung, who operates the bagel franchise on NSF's ground floor. The building, usually filled with 1,400 workers is closed except for several dozen supervisors, security and custodial workers, he said. "I used to have 13 employees. Now I have about three. Merry Christmas."

As the partial federal shutdown enters its third week, the economic damage has begun to spread into many corners of the Washington area, from people who run government

computers to those who supply its desks and bake its morning bagels.

Hundreds of local companies whose federal contracts were frozen when the furlough began Dec. 16 have either sent employee home or may have to do so soon, officials said.

"In the local area there have to be thousand of [contractor] employees who aren't working. It's of that order," said Edward H. Bersoff, chairman of BTG Inc., a Vienna information technology company. Bersoff also chairs the Fairfax County Chamber of Commerce.

If it continues, the shutdown could soon threaten the entire region's economy, first through the direct impact of federal furloughs and private-sector layoffs and then through the secondary, ripple effects from loss of local wages, economists said. The shutdown may "feed on itself," said Russel C. Deemer, regional economist with Crestar Bank in Richmond.

Unlike furloughed federal workers, who expect to be reimbursed eventually for time off the job, most employees of federal contractors and vendors will not be paid retroactively.

Companies that avoided layoffs by requiring employees to use vacation and comp days over the period from Christmas to New Year's Day are running out of time, said Olga Grkavac, vice president of the International Technology Association of America in Arlington, which represents about 150 area technology companies.

"Unless something is resolved quickly, we'll see more layoffs," she said.

There are no estimates of how many contractors' employees have been sent home—federal departments and agencies whose budgets have not yet been approved provided about one-fourth of the nearly \$18 billion in contracts that went to area firms in 1994.

But "we are starting to see some pretty significant impacts," said John F. Dealy, a Washington attorney and business consultant who advises technology companies. The contractors "aren't able to continue working on projects so they have to lay people off. That's accelerating."

BTG's Bersoff said he knows of companies that are preparing to cut off or curtail medical coverage for laid-off workers. "There are second- and third-tier effects of all kinds," he said.

The blow already has fallen on hundreds of merchants and suppliers who depend on federal workers and contractors for their business.

Mark Herman, who manages the Au Bon Pain restaurant at Union Station, said he has seen a sharp falloff in breakfast and lunch business since the Bureau of Labor Statistics office across the street shut down two weeks ago.

Until Dec. 16, Christine Webb, a computer systems developer with a Labor Department contractor, worked at keeping the BLS computers going and bought her lunch at Herman's counter. Now, she's home and preparing to file for unemployment benefits.

Soon, some of Herman's employees who have been using up vacation and sick leave will face layoffs too, he said. Moreover, he has no idea how many croissants and sandwich fillings to order for the days ahead. "It's just totally confusing. It's just nuts."

Others describe a chain reaction of disruption.

Richard A. Morsell, president of Office Furniture Concepts/Federal Supply Contracts Group Inc. in Chantilly, ships desks and chairs to federal offices around the nation. In the past week, some of those shipments have gone into limbo because the federal doors are closed. "This stuff is floating all over the country," he said.

He said he is out several hundred thousand dollars in shipments on which the government has not made payment and he intends to see that the bills are paid, with interest. But who knows where the invoices are? Somewhere in the mountains of unprocessed paperwork in federal mail rooms, he said. "I'm going to have to wait a . . . long time while they work through that paperwork and get to us," he said.

Meantime, his staff has shrunk from 19 to 11 since government purchases began to slow last summer, he said. "It's utterly stupid."

The long-term consequences of the upheaval may hurt local federal contractors for months to come, according to executives such as J.P. "Jack" London, chairman of CACI International Inc., an Arlington-based information technology company.

The next batch of contracts his company would compete for may well be delayed by the shutdown. "It takes people to put those out," London said.

[From the Washington Post, Jan. 3, 1996]

JOBLESS AID, TOXIC WASTE CLEANUP HALT

(By Stephen Barr and Frank Swoboda)

Kansas stopped paying unemployment benefits yesterday, the first time a state has turned away claims in the federal program's 60-year history.

The Environmental Protection Agency sent home 2,400 of its "Superfund" workers and stopped toxic waste cleanup work at 609 sites across the nation, throwing hundreds of contract employees out of work.

Eleven companies, including Blue Cross, are using \$5 million to \$6 million a day of their own money, rather than the government's, to process Medicare claims and pay their employees.

With the holiday season over, the impact of the partial government shutdown came into sharper focus as private sector companies and state agencies struggled with the ripple effects from Washington. It also generated more disgust with Washington's ways.

"We've never been through anything like this before," said Ronald Frank, executive vice president of Ecology and Environment, a Superfund contractor based near Buffalo that will furlough a "couple hundred" workers today. "I don't think this is the way the system ought to work."

Stephen Crickmore, the president of AdminiStar Federal in Indianapolis, administers Medicare claims for the government. He has been paying 650 employees out of company reserves since the shutdown started on Dec. 16.

"If they had their own business, would they run that business this way?" he asked, referring to Congress. For the government to have no plan to ensure that its programs will continue operating, he said, "seems kind of ridiculous."

His company, Crickmore said, is "looking at how long we're going to continue what we're doing at this point, which is subsidizing the federal government." Early next week, he said, the company will have to decide whether to furlough employees.

Other companies, however, have started sending workers home. EPA contractors across the country received "stop work" orders yesterday, the first wave of several that could jeopardize the jobs of up to 10,000 Superfund workers.

In Houston, Peter Arrowsmith, president of NUS, a Superfund contractor, said his company had started laying off employees and would soon have 125 employees, 15 percent of his work force, sent home without pay.

Michael Tilchin, director of Superfund programs at CH2M Hill Ltd., said "hundreds of employees" would be furloughed. His com-

pany is helping clean up an old manufacturing plant in Hellertown, Pa., where hazardous wastes have contaminated the ground water.

The job is 95 percent complete and may have an "unintended consequence," Tilchin said. "In the event the shutdown persists, the costs of shutting it down and restarting it may be larger than the cost of completing the work," he said.

Like the other EPA contractors, Frank said his New York-based company would furlough "a couple hundred" workers today unless the White House and Congress agreed to end the shutdown.

Administration officials, such as Labor Secretary Robert B. Reich and Health and Human Services Secretary Donna E. Shalala, have said repeatedly that the shutdown would disrupt services to a wide range of Americans, not just federal employees. But Republicans, such as Sen. Phil Gramm (Tex.), have argued that, if anything, the shutdown would show what little role the government plays in the lives of ordinary citizens. Republicans point out that the agencies now closed kept about 480,000 employees on the job to provide services while sending a smaller number—280,000—home.

Yesterday, Reich pointed to the closure of the Kansas unemployment offices as an example of the shutdown's fallout, saying, "The people who have lost their jobs in Kansas this week are simply out of luck."

The Labor Department estimated there are between 1,900 and 2,600 new claims for unemployment benefits in Kansas each week. Wayne Franklin, state secretary of human resources in Topeka, said the state did not have the \$60,000 a day to keep the unemployment benefits offices open.

Kansas has plenty of money in the unemployment insurance trust fund to pay the benefit claims, but it relies on the federal government to pay the cost of administering the program.

At least 10 other states and the District of Columbia also have exhausted federal funds to administer their unemployment insurance programs, Reich said. District officials said yesterday that 40,000 furloughed federal employees have filed unemployment claims related to the current shutdown. The city, which usually pays about 35,000 claims a year, could issue its first shutdown checks next week.

Reich said officials do not know how long the District offices can stay open. New Mexico, which has a relatively large federal population, also has run out of federal money. "It is an open question whether they'll be able to continue at all," Reich said.

Alaska will try to stay open until Saturday, while Alabama is also using state money to finance the unemployment program through Friday.

In Little Rock, officials with the Arkansas Rehabilitation Services virtually disbanded their state agency for the disabled because the federal money has stopped coming from Washington.

Commissioner Bobby Simpson said he had to furlough 495 of the agency's 603 employees, meaning that 17,000 Arkansas residents with physical and mental disabilities will have no office to turn to for help with job training, special vehicles for commuting to work, and other services. The state rehabilitation office, which has an annual budget of \$38 million, receives 76 percent of its funding from the federal government.

"It's ironic because we're in the business of putting people to work, of helping to turn tax users into taxpayers," Simpson said. "We held on as long as we could. . . ."

Despite the problems in some states, reports yesterday by Washington Post correspondents showed that other states were

coping with the shutdown, keeping their services available even when faced with lapses in federal funding.

Michigan, for example, has been using its own revenue to make up for the cutoff of federal funds in crucial programs such as Aid to Families with Dependent Children (AFDC) and Medicaid, said John Truscott, a spokesman for Gov. John Engler (R). "We can't fund them forever, but for the next couple of weeks we're okay," Truscott said.

Wisconsin is preparing to use more of its own funds for those two major programs this week but is counting on an eventual reimbursement from the federal government, said James R. Klauser, the state's secretary of administration. He said AFDC and Medicaid payments range between \$25 million and \$40 million a week in Wisconsin. "We look at it every week," he said. "We're comfortable right now."

California is losing more than \$5 million a day in tourism revenue. Officials of Mariposa County, the home of Yosemite National Park, asked Gov. Pete Wilson (R) to declare the county an economic disaster zone, but Wilson turned down the request, saying it exceeded the scope of his authority.

The shutdown also cut into the pensions of about 150,000 retired railroad workers. The retirees, most over 70 years of age, receive a portion of their pension from appropriated funds and the rest from a retirement trust fund. They will lose about two-thirds of an average \$130 monthly payment that is paid directly from the treasury; the rest of their annuity from the railroad trust fund will not be reduced.

Federal agencies, meanwhile, continue to struggle to provide services.

Only two of the 15 employees that the Department of Housing and Urban Development has in Flint, Mich., for example, have been allowed to report to work during the shutdown. That has forced the office to delay opening any bids from families or real estate agents for HUD property. Also, none of the roughly 500 families who have home-purchase loans through the field office have been able to get any help, especially those who are drifting further into delinquency.

"The sense of emergency is much higher now than before," HUD coordinator Gary Levine said. "The three-day shutdown before wasn't so bad. Three weeks is. This is no way to treat the public."

The PRESIDING OFFICER. The Senator from New York.

NEW YEAR'S GREETINGS

Mr. D'AMATO. Mr. President, first, I extend New Year's greetings to all my colleagues and constituents and wish them and their families a healthy new year.

COMING TOGETHER ON PRINCIPLES

Mr. D'AMATO. Mr. President, as we embark on this new year, I think it might do us all well if we were to put aside the rhetoric of confrontation and attempt to come together on some principles that so many have articulated for so long but have failed to really enact. I do believe there might be a handful—and I say a handful—who do not believe there should be a balanced budget. I have not identified anyone. No one has ever told me they are opposed to that, whether they be Democrats or Republicans.

Over the 15 years now that I have been here, I have seen us work, Democrats and Republicans, to attempt to achieve that. I have seen us pass Gramm-Rudman in an attempt to bring about a balanced budget.

On the campaign trail, it is great fodder to say I am for a balanced budget. I want that, and yet when it comes to doing the business of the people, we have failed to do that. We have failed to achieve it. And the reason is because it is not easy. It is difficult. The reason is that because the same people, our constituents, who, on the one hand, say and demand we do the business of the people, as we should, in a responsible manner, that we cut out the wasteful programs, that we reform systems such as the welfare system that certainly needs an overhaul and should be reformed and turned into a workfare system, when it really comes down to implementing what is necessary to achieve a balanced budget, the same people in many cases are the first to come to us and to beseech us to cut spending, but, by the way, there is a good program and it is in education or it is in the arts or it is as it relates to transportation or drug treatment, all of these good programs that are for seniors and do not cut that program.

Everybody has a favorite program. That is without even touching the area of entitlements that people are afraid to even speak to. The fact of the matter is that if you were to reduce or eliminate the spending in all of the discretionary programs, eliminate any of the moneys that we spend on education, any of the money that we spend on the military, on defense, and all of the money that we might spend in housing and urban development, in mass transit, eliminate it all, that unless we begin to curtail the growth in the entitlement programs, begin to reduce that growth in Medicare, in Medicaid, why, then, it makes no sense, we will continue to operate with huge deficits.

That means we are mortgaging the future of our children and their children and future generations. I suggest that that is not responsible. That is an easy way out. That is what has been taking place for far too long.

So as we embark upon this new year, I hope that maybe we will stop being accusatory, one side blaming the other—all of us know that this is not going to be easy—but attempt to come together and to say, how can we moderate the growth in these programs?

I have heard friends of mine, Democrats, indeed, at the White House, the President, Mrs. Clinton, have talked about slowing the growth in these programs. How is it now that that rhetoric has turned so harsh? How is it now that those who attempt to implement the same suggestions that were put forth by the White House in good faith are now accused of attempting to savage senior citizens?

That is inaccurate. It is not fair. Rather than one side or the other being

accusatory, why do we not attempt to build on those things that we agree on? If we agree there is a need to balance the budget, if we agree and we have spoken to doing it within a prescribed period of time, if we have agreed that we would use realistic numbers and not pie in the sky, why do we not begin to do this?

It would seem to me that the people of the United States have every right to be angered at both the administration and the Congress for not resolving these differences in an appropriate fashion by working at it and not by delaying and not by taking extended vacations and not by PR and not by spin doctors, but by coming down honestly to resolve this in a manner that all of us know can and should be done.

So I do not come to the floor for the purposes of blaming one side or the other or pointing a finger toward the administration or saying that all that we have put forth in our balanced budget proposals must be and should be adopted. But certainly within the bounds of those that have been suggested, those suggestions by the administration, and within the bounds that have been put forth by the Congress, there is ample opportunity, there has been and there is now, that if we exert ourselves and exhort ourselves not to try to be one up on the other side, one up so we can aggrandize it and claim credit, then why do we not take a look at what we owe the people?

There are suggestions that make sense. It would call for some collective coming together and some courage to be demonstrated on both sides. The senior Senator from New York, my colleague, Senator MOYNIHAN, has put forth as a suggestion looking at the CPI. The CPI no longer adequately reflects what the true costs are as it relates to goods and products and services and indeed has been estimated as being off by as much as one-third—one-third. We say, what is 1 percent? But 1 percent, if you have a 3-percent increase in the inflation rate, is one-third.

Why not then use legitimate numbers to measure what the cost-of-living increase is, what the cost for the consumer really is? That would take some courage on both parts, on the side of the Republicans and the Republican Congress as well as our colleagues on the Democratic side, and on the side of the White House. But, my gosh, if it is a fact, and if it is true, why do we not come together and say, this is the place to start?

We might be able to save \$150 billion. Imagine that. Why can we not have the good common sense, again, collectively, Democrats and Republicans, both in the Congress and in the administration, the Executive, to say this is something we can agree on? If we do it together, that together we can go forward and say this is the right thing to do, why then, that is what we should be expected to do.

I do not know that it should even take such great courage. But if one