sustain the economic expansion which we have seen for the last 7 years.

I yield back the remainder of my time.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I ask unanimous consent that I be allowed to speak for 10 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT addressed the Chair.

Mr. ROCKEFELLER. I yield to the majority leader.

Mr. LOTT. I thank the Senator for yielding.

We are working on a unanimous consent request that we might want to try to get cleared in the next 6 or 7 minutes. So if that should occur, I would ask the Senator to yield me time to do that. But we would do it in such a way where his remarks would not be interrupted.

I thank the Senator for yielding to me.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. I thank the majority leader for his courtesy.

VETERANS HEALTH CARE

Mr. ROCKEFELLER. Mr. President, I had not expected to talk this afternoon. But I am here. The Senator from West Virginia is here. I am the ranking Democrat on the Veterans' Committee. I am overwhelmed with the sense of urgency, and almost despair, about the condition of health care for veterans in our country.

Because of caps, the veterans health care budget, which is really the most important part of the veterans operation—benefits are important but what they really care about is, is health care going to be there if they need it?—has been flat-lined for the next 5 years. By flat-lined, I mean there is no increase. Even though there are more expenses, there is more requirement for their services, there is no more money.

The Veterans' Administration is the largest health care system in the country. The only difference from any other health care system is that it is entirely a Government health care system. Therefore, the Government determines what it can spend and what it cannot spend. Unlike the private health care systems, it cannot spend a dime over what it is appropriated. So the Balanced Budget Act of 1997, which capped all discretionary programs—which said they could not increase—obviously, therefore, included the veterans health care budget.

I cannot tell you the damage that is being done to our veterans across this country. We talk about veterans, and we talk about them in very florid terms because they deserve that. Those who use the veterans hospitals, who have been in combat, who have sacrificed for their country—America kind of entered into a compact and said that these people will be treated with a special respect, special honor, and special care, and that they will get the health care they need under all conditions and at any time.

The Republican tax cut, along with any other that might be suggested, including the one that is being talked about at $500 billion, would make a mockery of that commitment to the American veteran. I want people to understand that very clearly.

I will talk specifically about some particular types of needs, such as spinal cord injuries, injuries resulting in blindness or amputations, posttraumatic stress disorder. Beginning in October of last year, I asked my committee staff to undertake an oversight project to determine if the Veterans' Administration is, in fact, maintaining their ability to care for veterans with these kinds of special needs.

PTSD, posttraumatic stress disorder, we always associated with the Vietnam war. We have discovered it is not just that war; it is the gulf war, it is the Korean war, it is the Second World War, and it even goes back to the First World War. It is an enormous problem and a special need.

This oversight project, which I asked my staff to do, reviewed 57 specialized programs housed in 22 places around the country.

I say at the outset that the VA specialized services are staffed with incredibly dedicated workers, people who could be working for higher pay in private situations, private hospitals. They are trying to do more, and they are trying to do it with increasingly less. They are often frustrated in their desire to provide the high-quality services that they went to the Veterans' Administration to provide in the first place. I salute them.

I will mention three of the findings in this oversight effort, and then that is all I will do.

First, the Veterans' Administration is not maintaining capacity in a number of specialized programs and is barely maintaining capacity in a number of others. Despite resource money shortfalls, field personnel have been able—but just barely—to maintain the level of services in Veterans' Administration prosthetics, blind rehabilitation, and spinal cord injury programs.

Staffing and funding reductions have been replete. The VA's mental health programs are no longer strong. For example, my staff found that veterans are waiting an average of 5 and a half months to enter posttraumatic stress disorder programs. This is completely unacceptable for a veteran.

Secondly, the VA is not providing the same level of services in all of its facilities. There is wide variation. Staff found this variation from site to site in capacity in how services are provided. The availability of services to veterans seems to depend on where they reside, not what they have done but where they reside. In my view, all veterans are entitled to the same quality of service regardless of whether they live in West Chester County or in Berkeley, WV. It should make no difference. They all have suffered the rigors of combat. They have all earned it. We promised it to them. We are not delivering it to them.

Third, and finally, competing pressures on Veterans' Administration managers make it virtually impossible for them to maintain their specialized medical program. Hospital administrators particularly are being buffeted by competing demands because from central headquarters comes the lack of money, from the veterans comes the demand for services, which used to be there and which now aren't, and they are, therefore, caught in the middle. In many cases, they are suffering across-the-board cuts and have been for a number of years.

I can tell Senators that under neither Democratic nor Republican administrations has the veterans' health care program been adequately funded and funded up to the cost-of-living increase and the so-called inflationary aspect, which reflects what actually true health care represents. We are robbing Peter to pay Paul in many of our veterans' hospitals and to maintain other services on which a higher priority is placed.

Mental health services, I come back to it. Why is it in this country that we will not put down mental health as a disease? Why is it we do not consider it as a medical condition? Why is it that we put it off in the category of human behavior as opposed to something that has a cause in something, such as posttraumatic stress disorder. For veterans, to blindside mental health, to push mental health to the side is beyond comprehension and beyond humanity.

In summary, it is imperative that we all understand what the budget crunch has meant to each VA health service. I say all of this because, again, of the $792 billion tax cut. If that takes place, everything I have talked about not only continues to be true but grows somewhere between 15 and 30 percent worse, not if we are to increase programs, but taking already that we are funding below where programs ought to be, where we have shortchanged veterans' health care services for years, and now we are going to cut billions and billions of more dollars out of that over these next years. That is absolutely intolerable.

I ask unanimous consent to print a copy of the summary of the committee minority staff report in the RECORD at this point.

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

MINORITY STAFF REVIEW OF VA PROGRAMS FOR VETERANS WITH SPECIAL NEEDS

BACKGROUND

From its inception, the Department of Veterans Affairs (VA) health care system has

been challenged to meet the special needs of its veteran-patients with combat wounds, such as spinal cord injuries, blindness, and post-traumatic stress disorder. Over the years, VA has developed widely recognized expertise in providing specialized services to meet these needs.

In recent years, VA's specialized programs have come under stress due to budget cuts, reorganizational changes, and the introduction of a new resource allocation system. In addition, passage of Public Law 104–262, the Veterans' Health Care Eligibility Reform Act of 1996, brought significant changes in the way VA provides health care services.

In passing eligibility reform, Congress recognized the need to include protections for the specialized service programs. As a result, Public Law 104–262 carried specific provisions that the Secretary of VA must maintain the ''capacity'' to provide for the specialized treatment needs of disabled veterans in existence at the time the bill was passed (October 1996), including ''reasonable access'' to such services.

VA has been required to report annually to Congress on the status of its efforts to maintain capacity, with its most recent report published in May 1998. In that report, VA stated that ''by and large, the capacity of the special programs . . . has been maintained nationally.'' However, others have been more critical, including the General Accounting Office, which found that ''much more information and analyses are needed to support VA's conclusion,'' and the VA Federal Advisory Committee on Prosthetics and Special Disability Programs, who called VA's ''flawed'' and consequently refused to endorse VA's report.

MINORITY STAFF PROJECT

Beginning in October 1998, at the direction of Ranking Member John D. Rockefeller IV, Senate Committee on Veterans' Affairs minority staff undertook an oversight project to determine how well VA is complying with Public Law 104–262's mandate to maintain capacity in the VA's specialized programs. After first meeting with VA Headquarters officials in charge. of the various specialized projects, as well as representatives of the veterans service organizations, we designed a questionnaire and interview protocol for each of the five service programs we selected to study.

Our starting place was defining ''capacity,'' since the law did not do so. After extensive consultation with experts in the field, we chose to focus on the following six factors: (1) number of unique veterans treated; (2) funding; (3) the number of beds (if applicable); (4) the number of staff; (5) access to care, in terms of waiting times and geographical accesssibility; and (6) patient satisfaction. Capacity was rated by comparing data from FY 1997 to FY 1998 to determine whether the program has or has not maintained the same level of effort in each of these areas.

In order to maximize efficiency, we primarily visited sites that included more than one specialized program; most were within reasonable geographical distance of Washington, DC. The sites selected are not a random or representative sample. Nevertheless, we believe the information gathered is significant because we believe capacity should be maintained uniformly throughout the system. There should be no gap in services, regardless of where in the country a veteran goes for treatment.

We reviewed 22 facilities, with a total of 57 specialized services programs: Prosthetics and Sensory aid Services (16 sites); Blind Rehabilitation (3 sites); Spinal Cord Injury (8 sites); PTSD (14 sites); and Substance Use disorders (16 sites).

DATA COLLECTION AND VALIDITY

Data collection and validity is a known area of VA weakness, confirmed by our own observations in this study. Despite the fact that we provided program managers ample time to fulfill our data requests, many lacked the basic, everyday data that should have been easily accessible to them. In many cases, the data provided to us by VA were revised upon our discovery of inherent discrepancies or our questioning of the methodology used. Nevertheless, because it would have been beyond the scope of our resources to conduct a full-scale audit, we relied on the unvalidated data provided to us by VA as the basis for this report.

FINDINGS AND CONCLUSIONS

In general, we found that VA specialized programs are staffed with incredibly dedicated workers, trying hard to do more with less, but often frustrated in their desire to provide high quality services. One of the most consistent complaints we heard about were staffing shortages, which left employees feeling they were working ''close to the edge.'' When staffing is cut to the minimum, programs quickly become vulnerable to disruptions and service delays, and staff suffer from overwork, poor morale, burnout, and/or reduced motivation and quality of performance as a result.

In summary, we reached the following conclusions:

I. VA is not maintaining capacity in a number of specialized programs, and is barely maintaining capacity in the others. We found that despite resource shortfalls, VA field personnel have been able—just barely—to maintain the level of services in the Prosthetics, Blind Rehabilitation, and SCI specialized service programs, but have not maintained capacity in the PTSD and Substance Use Disorder programs. Because of staff and funding reductions, and the resulting increases in workloads and excessive waiting times, the latter two programs are failing to sustain service levels in accordance with the mandates in law.

II. VA is not providing the same level of services in all facilities. In the specialized programs we visited, there was wide variation from site to site in capacity and provision of services. It appears that the relative availability of services to veterans depends on where they reside. However, we believe *all* veterans are entitled to the *same level and quality of service,* regardless of where they live in the country.

III. A gross lack of data, as well as lack of validation of the available data, prevents VA from making verifiable assessments as to whether capacity in its specialized services programs is being maintained. In almost every program we visited, it was difficult to obtain the information we requested, despite the fact that programs were given ample time to complete the data sheets we provided. Frequently, we were told data had been lost, was irretrievable, or was not compiled in a useful format. There were often inherent discrepancies in the data we were initially presented that took a great deal of discussion to resolve. Without solid, readily available data, VA cannot itself ascertain whether it is meeting its own capacity standards. In fact, this problem with data reconciliation is one reason why VA is late in producing this year's capacity report.

IV. VA's shift from inpatient to expanded outpatient treatment has improved access and saved money. At the same time, certain programs, which require a mix of in- and outpatient services, have been weakened. We are concerned that patient outcomes may have suffered in the process. VA is struggling to find the right mix of inpatient and outpatient services. Expanded outpatient services often improve geographical access for veterans and are a good way to stretch limited resources. However, we believe VA may be moving too quickly to close certain inpatient programs, such as PTSD and Substance Use Disorders. This trend is controversial among many clinicians, who are concerned about the appropriateness and effectiveness of outpatient services for many in this patient population. We believe much more research is needed in this area.

V. VA's specialized services suffer from a lack of centralized oversight. As with all VA's health care services, decentralization has resulted in a lack of effective oversight. Headquarters issues directives, but for the most part, there is little followup to monitor how well these directives are being carried out. In addition, once money is allocated to the VISNs, there is little or no monitoring of how this money is being spent. As a result, we found that VA is not in a position to say with any certitude whether or not specialized services are being adequately maintained.

The lack of centralized oversight is particularly critical in the PTSD and Substance Use Disorder programs. VA Headquarters program consultants, by and large, are not consulted when inpatient programs in the facilities are closed or altered in size or format. We believe their expertise should be sought before any decisions are made to change established programs.

VI. Competing pressures on VISN directors make it virtually impossible for them to maintain capacity in their specialized service programs. VISN directors, particularly those most affected by funding reductions resulting from VERA, are being buffeted by competing demands for the declining resources allocated to them. In many cases, they are suffering across-the-board cuts, or may be having to ''rob Peter to pay Paul'' to maintain other programs on which they place a higher priority. With the lack of centralized oversight, VA has little ability to ensure that VISN directors are spending their money for specialized services as directed.

Mr. ROCKEFELLER. I thank the Chair.

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DORGAN. Mr. President, might I inquire, are we presently in morning business?

The PRESIDING OFFICER. The Senate is in morning business.

Mr. LOTT. Mr. President, if I could be recognized, we hope to momentarily get an agreement with regard to proceeding with the Interior appropriations bill. We are waiting to hear from the Democratic leader before we enter this agreement. I think we have it worked out. I certainly hope so. If the Senator wishes to proceed as in morning business, I hope he will yield once we get the agreement all squared away.

Mr. DORGAN. Mr. President, of course, I will yield, if the majority leader requests. I had wanted to make some comments about the trade deficit

that was announced late last week and show a few charts. I ask unanimous consent to proceed for 10 minutes.

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

FISCAL POLICY AND THE TRADE DEFICIT

Mr. DORGAN. Mr. President, I will come to the floor and comment generously about this fiscal policy issue of $792 billion of tax cuts over the next 10 years. We don't have surpluses yet. We have economists who tell us we will have surpluses and when these surpluses will exist over the coming 10 years. We have an appetite for trying to figure out what we want to do with all these surpluses that have not yet materialized.

Economists at the start of this decade in the early 1990s predicted almost universally that we would have a decade of slow, anemic economic growth and continued trouble. Going back 8 years, we had a $290 billion fiscal policy deficit. The Dow Jones industrial average had not yet reached 3,000, or it had barely reached 3,000. We had sluggish growth. In 1999, the budget deficit is largely gone. The Dow is somewhere close to 11,000. We have robust economic growth and economists predicting wonderful economic news as far as the eye can see. These are economists—who can't remember their telephone numbers or their home addresses—predicting what will happen, 3, 5, and 10 years in the future.

The result is people seize on these surpluses and say: Let's give three-quarters of $1 trillion in tax cuts, nearly one-third of which will go to the top 1 percent of the income earners in this country. I will have a lot more to say about that in the debate which will ensue during this week. My colleague, Senator DURBIN, just read Kevin Phillips' comments that were on NPR yesterday morning. I think they were right on point. I hope we can spend some time discussing those as well.

I want to talk about another deficit, one that both parties have been largely ignoring. It is called the trade deficit.

I have here a Washington Post article that appeared last Wednesday, July 21, ''U.S. Trade Deficit Hit Record High in May.'' This was written by Paul Blustein. Paul is the Washington Post reporter who writes their trade stories. Any time you see a trade story, it will be by Paul Blustein. He will talk to the same three or four people. They will comment in each article, and month after month the trade deficit worsens.

We have a very serious problem. We tackled the budget deficit, and wrestled it to the ground. Now, we largely don't have a fiscal policy budget deficit. It is gone. That was tough, hard work. But the trade deficit is growing and at an alarming rate.

It is interesting that this story in the Washington Post actually says that we have a trade deficit that is a record deficit, ''thanks to America's unflagging appetite for foreign goods.'' The Post, in this story, finds all of this both ''heartening'' and ''worrisome'' for the U.S. economy.

Heartening because so many Americans are feeling so prosperous that they are buying an ever-rising amount of imports.

I am more struck by the ''worrisome'' aspects of this trade deficit. One of those was highlighted by the Post article, with the Japanese deciding that their central bank should intervene with respect to the value of the yen against the dollar—to manipulate the value of the yen in order to influence continued exports to the United States.

What is happening to the trade deficit? This chart shows record trade deficits month after month. It means we are buying more from abroad than we are selling abroad. It means we are running a current accounts deficit that will some day be repaid by a lower standard of living in the United States.

There is a lot of disagreement among economists but none about that. A trade deficit must at some point be repaid in the future by a lower standard of living in the country that experiences the trade deficit.

Here is a chart that shows the growing U.S. trade gap, exports and imports. You will see what is happening to the U.S. exports on this softening bottom line. And you will see what is happening to the level of U.S. imports and the massive red ink that represents indebtedness that burdens this country. Should we worry about this indebtedness? The answer is, yes, of course. Should we do something about it? Absolutely, and sooner rather than later. There is now in law a commission called the Trade Deficit Review Commission. This is a piece of legislation that I authored and was cosponsored by Senators BYRD, STEVENS, and others. This Commission has been impaneled and is now beginning its work. But we have a responsibility as a country to respond to this trade deficit and to do so aggressively.

Another chart shows the deficit with respect to specific countries. Japan: We have had a trade deficit with Japan forever, it seems. This trade deficit is robust and growing, and continues to grow to record levels.

It used to be that economists would say that we have trade deficits because we have been running budget deficits. When you run budget deficits, you are going to run trade deficits. The budget deficits are gone. Why is the trade deficit worsening? Yes, with Japan, with Canada, and it is worsening with Mexico.

We used to have a trade surplus with Mexico. We were able to turn that into a deficit very quickly because we negotiated a trade agreement with Mexico that was incompetent. We have incompetent negotiations by bad negotiators that resulted in bad trade agreements and higher deficits with respect to Mexico. We turned a surplus into a deficit.

China: What is happening with China is a very substantial runup of the trade deficit in just a matter of about 8 to 10 years.

What do we do about all this? I am concerned, obviously, about not only the general trade deficit, which weakens our manufacturing sector, but also with respect to the economic stars in our country, the family farmers. Agricultural trade balances have worsened. Our agricultural trade balance with Europe declined sharply between 1990 and 1998. In Asia and Europe, our agricultural trade balance has changed in a manner that is detrimental to family farming.

Going back to the issue I mentioned on the previous chart of our individual bilateral trade relations with China, Mexico, Canada, and Japan, you will see that we are continuing to run trade deficits that are alarmingly high. Yet no one wants to talk about it, and certainly no one wants to do anything about it. The minute someone says let's take some action, someone else will say: You are proposing a trade war. What on earth can you be thinking about?

This country had better think about itself for a few minutes. It ought to turn inward and ask: What does this red ink mean to the U.S. and its future?

Even Mr. Greenspan, who is prone to understatement, indicated that this cannot be sustained for any lengthy period of time. This country must worry about its bilateral trade relationships with the countries I just described. It also must worry about its general trade strategy, which results in huge trade deficits and in the kind of trade relationships, which I think will make this country's citizens increasingly angry and anxious.

Incidentally, these trade deficits are much higher than the Washington Post reports. The trade deficit in the Post represents the combination of goods and services. If you look at trade deficits in goods, it is much higher than this. That relates to the question of what is happening to the American manufacturers.

Let me talk about farmers specifically for a moment. Our family farmers around the country are suffering through a very serious crisis. The bulk of that is because prices have collapsed on the grain market, even though the stock market is reaching record highs. The grain market has collapsed, and farmers are told their food has no value.

Another serious part is that, even though we produce more than we need and we need to find a foreign home for our grain, we discover that grain floods across our borders and livestock floods across our border, especially from Canada and other parts of the world, undercutting our farmers' interests. Why? Because we had incompetent negotiators negotiating incompetent trade agreements. They have resulted in increasing trade deficits in this country.