leave the company’s existing management intact. Fox left that week and is now in Scotland.

David Genis, finance director of Seattle-based Far East Maritime Agency, said the Russian partner of one of the company’s af-
filiates was ordered to contribute 10 percent of revenue for the rest of the year to Nazdratenko’s reelection campaign.

In yet another dispute, an American inves-
tor has alleged that Nazdratenko packed the board of a company, diluted the ownership interest of foreign investors and diverted funds to others for his December reelection campaign.

Senior administration officials said Nazdratenko would not be included in meet-
ings with President Clinton, Vice President Gore or other top U.S. officials today in Washington. But several business leaders said the mere presence of the Vladivostok politician, who accompanied Stepashin in Seattle for a tour of a Boeing plant and a dinner hosted by Washington Gov. Gary Locke (D), was sending a bad signal to inves-
tors.

Russia has defaulted on its debts, it has a lot of economic problems, it should be extra
careful to woo foreign investors, said a Mos-
cow-based spokesman for a group of foreign
investors in a dispute with Nazdratenko over a
Vladivostok-based fishing company. “To
bring the poster boy of corruption along to
the United States is staggering.”

Nazdratenko has repeatedly and forcefully
denied allegations in the Russian media of
tolerating corruption and organized crime.
As the governor of an immense territory with valuable forests and rich fishing
grounds north of Japan, Nazdratenko is a po-
itical powerhouse and runs his region with
little supervision from authorities in far-
away Moscow.

In Seattle, Stepashin told business leaders: “There are good prospects for investment in
Russia, so please don’t lose any time.”

But Fox, who has lived in Vladivostok for
seven years and represents foreigners with
more than $100 million invested in the area,
says he would like to ask Stepashin: “Which
bits of Russia are you talking about?”

“Everyone knows it is a risky thing to in-
vest in Russia,” Fox added. “But it’s so out-
rageous, really, the ‘Vladivostok bubble’ is in-
flated.”

“It’s total lawlessness. Is that where Russia
is headed?” Fox asked. “If so, then there is
no sense in spending money there, and Rus-
sia is going to go backwards.”

Acknowledging the complaints of many
foreign investors, Stepashin told members of
a U.S.-Russia business council in Washington
last night that “all investments have to be
protected not only in word, but in deed.”
He said, “We understand that investors have
every reason to be weary,’’ but added that “we are dead set on changing our attitude.”

Many of those who have suffered from the
dickle nature of Russia’s economic system are
in Seattle, the first stop in Stepashin’s U.S. visit.

Genis estimates that one Vladivostok fish-
ting trawler company, Zao Super, owes tens
of millions of dollars to Seattle-area suppli-
ers. The company has been cut off from finan-
cial services. Yet the Russian Committee of
Fisheries on July 2 transferred most of
Zao Super’s main assets—the fishing boats—
to another company whose major share-
holder and chairman is a close associate of
Nazdratenko.

Zao Super, which allegedly was told to
divest most of its assets to Nazdratenko’s campaign, has
$350 million in debts being renegotiated by the Paris Club, a creditors’ group comprised
of the governments of leading industrialized nations.

Despite these and other economic prob-
lems, Stepashin is widely expected to receive
support in Washington for Russia’s quest for
$4.5 billion in loans from the International
Monetary Fund and up to $2 billion from the
World Bank. He will meet with officials of
those institutions on Wednesday. The IMF
is insisting on negotiations on restructuring
Russia’s crushing debts. Russia, which has $17 billion in debt payments due this
year, already has defaulted on many ob-
ligations.

The IMF has been reluctant to support
Russia since a combination of capital flight,
poor tax collection, weak budget controls,
corruption and lumbering state enterprises
led to a collapse of the Russian currency, the

But senior U.S. and IMF officials have been
equally reluctant to isolate Russia by cut-
ting off economic assistance.

“We are going ahead with a package which
I hope is credible, which I hope will be imple-
mented. The worst-case scenario is that we start to negotiate an agreement, which the managing director of the IMF, told Reuters.

“The first intentions and the first measures
taken by the new government are quite posi-
tive,” he said. “We have the parameters, the
difficulties and the risks."

Mr. CAMPBELL. Mr. President, in-
stead of jumping on the bandwagon to
pump billions of additional tax dollars
into a black hole in Russia, the admin-
istration should be pressing the Rus-

ian leadership, including Prime Min-
ister Stepashin, to root out the kinds
of bribery and corruption described in
this article that have an overall chilling
effect on much needed foreign
investment. Left unchecked, such cor-
ruption will continue to undermine
Russia’s fledgling democracy and the
rule of law and further impede moves
toward a genuine free market econ-
y.

VA HEALTH CARE SHORTFALLS

Mr. SPECTER. I address the Chair on a
subject that is critical to the veter-
ans of the armed forces of our nation,
and to the Committee on Veterans’ Af-
fairs, which I am privileged to chair: the
budget for the health care system of
the Department of Veterans Affairs.

Mr. President, I come to the floor of
the United States Senate today to
draw attention to a sure crisis in VA
health care. Congress and the Adminis-
tration must ask themselves: what is
the crisis, and what may be the accept-
able remedy? It seems that the Depart-
ment of Veterans Affairs must choose among
difficult options of providing care for
fewer veterans—that is, “disenroll-
ment” of veterans already relying on
VA facilities. The VA does not have the
resources needed for this mixture of
complex dynamics are greater than expected when
the President’s FY 2000 budget was pre-
ared. We will be requesting $800 million in
additional funds to ensure quality and re-
duce waiting times that have increased signifi-
cantly over the last few months. To ensure
proper funding for spinal cord injury and
homelessness, the Department will forward to
the Congress a detailed description of how
it will allocate a portion of these additional
funds to these two areas.

Waiting times are also aggravated by an
infrastructure not conducive to rapid
movement of patients. The 1998 
delayed enactment of VA’s 1998 budg-
et that no longer meets geographical and treat-
ment needs. Recently, GAO reported that VA
is spending $1 million per day on unneeded,
outmoded facilities. With $100 million for
construction activities that will begin to ease the immediate problem
and to plan for the long-range solution. We
hope to work with the Congress over the
next few months to address this critical
issue on a broad and sweeping basis.
The additional resources we are requesting are absolutely necessary to meet the critical challenge of providing long-term care. The overwhelming response to the introduction in Congress of the so-called "Millennium Bill" combined with the President's commitment to long-term care for all Americans has convinced us that we must increase available funds immediately to meet these needs of our veterans. As our veterans population ages, the need for long-term care is increasing. We are committed to providing a range of home- and community-based care for those who either do not wish to access such services. While we have concerns with the mandatory approach of the Millennium Bill, we do agree with the intent of the Bill. Consequently, we will be including in our request $100 million for long-term non-institutional community-based care, targeted to VA's top priority category of veterans with disabilities of 50% or greater.

At the same time that we add resources to the system, we need to ensure that we are on target to provide care of the highest quality, and that we take care of the system without adverse consequences for service-disabled and lower-income veterans. All veterans currently enrolled in the system will continue to receive care. We believe that this is necessary to ensure that quality is maintained, that wait times are reduced, and that we adhere to congressional guidance. The House Committee on Veterans Affairs issued report language along with the VA enrollment law stating that "VA may not enroll or otherwise treat to treat so many patients as to result either in diminishing the quality of care to an unacceptable level or unreasonably delaying the timeliness of VA's care delivery."

We are convinced that through these aggressive steps VA will be able to provide better care, and more timely care to the veterans that need it most. We look forward to working with you, the other members of your respective committees, and the Congress as a whole to make these proposals a reality.

Sincerely,

JACOB J. LEW, Director.

Mr. SPECTER. OMB pictures—a plausibly—that much has changed since January 1999, but veterans organizations in their Independent Budget have been warning Congress and the Administration for the past three years running that VA health care is in dire straits. On April 30 of this year, 50 of my colleagues joined Senator ROSENTHAL and me in signing a letter to the Chairman and Ranking Member of the Appropriations Committee, requesting that VA health care be supplemented with $1.7 billion for Fiscal Year 2000. These physicians and other officials lead me to believe that, while such a supplement will not eliminate VA's problems, these funds will go a long way to easing its crisis and will back-fill gaps that we have permitted to occur based solely on service-related shortages. In his July 26 letter, Director Lew refers to the need for $100 million in new health-related construction; as Chairman of the authorizing committee for VA major construction, I cannot reply, not having seen a proposal for sites or specific justifications. He also notes that VA's experience with "category 7" veterans cannot continue to be enrolled in VA care for fear that quality of care for higher priority poor and service-disabled veterans will suffer. While I concur with Director Lew's premise that we do no harm to those already enrolled in VA health care, I must reserve judgment until I see the basis for this conclusion about the middle class veteran. The Administration is proposing $1 billion is emergency funding, but I believe, as I have since last year, that this level still would be insufficient overall.

Mr. President, as to more recent developments even than OMB's late-coming realization of need, I appreciate the reform specifically to those who Sub-Committee last evening to add $1 billion in additional spending to the VA health care appropriation for the new year. Like my counterparts in the House, I want to help the system help our country. I do not do so, and I do not do so with great care, as we all do. However, as I said earlier about the Administration's $1 billion, I say that the House's $1 billion is only enough to push the problem down the road a little further. We need to solve the problem, not push it down the road. We can do that with a substantial increase of $1.7 billion in the Medical Care appropriation for Fiscal Year 2000—a supplement that would take VA health care funding to the unprecedented level of $19 billion—and let us join together to see what kind of sustained funding level VA truly needs to carry out its important and vital mission for America's veterans. I proposed then, and remind the Senate now, that $1.7 billion is needed to keep VA's head above water.

America's veterans put a human face on freedom. Veterans agreed to put their lives on the line, or certainly they were prepared to do so, to defend the freedoms all of us enjoy. Most of them sought nothing in return. They served honorably, then returned to civilian life. However, some of these veterans whom we turned to for assistance in our time of need have now turned to the nation in their time of need. I am referring to veterans who were disabled during their service to the nation and those who for one reason or another have been left behind in this competitive economy and cannot sustain themselves. For these people in particular we established the Department of Veterans Affairs and its many programs for veterans and their families.

We have given VA a mission, one most astutely described by President Abraham Lincoln in his second inaugural address when the President said, the Nation's mission was "... to care for him who shall have borne the battle and for his widow and his orphans." Lincoln's eloquent words describe VA's success for most of its existence. It is a system that has been designed to provide veterans services to all, who serve our country. Mr. Lew recognizes that veterans make a special contribution to society, and therefore deserve special status and attention by a grateful nation. It saddens me to report to the Senate that this Administration is failing our veterans. But I do not intend to sit idly by, and allow veterans' needs to go unnoticed and unmet.

In Fiscal Year 1999, Congress appropriated $17.3 billion to fund the health care activities of the Department of Veterans Affairs. I know that many ofmy colleagues have heard while traveling throughout your respective states that this amount was barely enough to allow VA to provide decent care for veterans. Earlier this year, the President sent Congress a budget that requested precisely the same amount for next year. Mr. President, that request is completely unacceptable to me, and I know it is for all my colleagues here.

The VA, under the leadership of the Secretary of Veterans Affairs, Dr. Kenneth Kizer, made remarkable changes in the way health care is provided to eligible and enrolled veterans. The VA launched a remarkable revolution in its delivery system by changing the basic structure of care delivery from one that treated patients in a so-called "sickness model," a mostly reactive stance that was premised on a veteran seeking care for a specific ailment, to one of a functioning health care system that offers a basic benefits package of services to enrolled veterans, including preventive medical treatment, primary care, alternatives to institutionalization, pharmaceuticals and limited long term care programs, as well as maintaining a veteran's health. Further, according to testimony given before the Committee on Veterans' Affairs, VA has opened hundreds of local community-based outpatient clinics, reduced the number of days patients must spend in hospitals and, according to testimony by the Secretary of Veterans Affairs, still treats any veteran who arrives at VA's doorstep. Unfortunately, both the Secretary and the President of the United States have failed to recognize that this system, like any health care system, needs sufficient funding to function properly. It is impossible to increase the quality of care provided, increase the number of places at which care can be obtained and maintain the number of people who can receive care without providing any additional resources. This is impossible on its face, Mr. President—impossible.

The budget the President sent to Congress would not even permit the VA to maintain the current services it provides to veterans today. In fact, in order to maintain today's level of service, the budget admits that VA must "streamline" itself to the tune of $1.14
billion in FY 2000. But we already know that VA cannot maintain the status quo. There are so many challenges facing the system and the country. It treats that we as a Congress, and the President as Chief Executive, must address. For example, the package of benefits available to our veterans today does not include basic emergency medical services. Today, if a veteran must visit a private hospital emergency room for treatment, in most cases payment is out-of-pocket, or through a third party insurance claim, Medicare or Medicaid, that may cover this care. The only exception to this policy is for service connected conditions in limited emergency situations, for which VA will reimburse expenses. A bill recently reported out of my Committee would correct this injustice and mandate that any veteran enrolled in VA care be provided basic, covered emergency services if they are needed. The Congressional Budget Office estimates that this provision will cost $80 million in the first year and approximately $400 million over five years.

Emergency care is just the tip of the VA’s health care “iceberg.” For example, another very important issue is one that dramatically affects Vietnam veterans. According to a recent VA survey, nearly 18% of veterans in VA care could be afflicted with the disease hepatitis C. Hepatitis C is a serious disease that has been associated with battlefield injuries, blood transfusions and intravenous drug use. Hepatitis C causes liver damage and, as one can imagine, ultimately hepatitis C can be fatal. Fortunately, there are a number of new drug therapies available that will help control or arrest the progress of hepatitis C. However, treatment is expensive. Statistics indicate that they exceed approximately $35 million in FY 2000 to screen, test and care for veterans suffering from hepatitis C, and much more in the future. This special funding for hepatitis C would be in addition to the amount needed to maintain the status quo in VA health care that the President has otherwise proposed.

Frankly, Mr. President and colleagues, the most difficult challenge facing the Department into the foreseeable future is its ability to care for our aging veteran population. Many World War II and Korean War veterans are nearing the end of life. But hundreds of thousands of them need long term care services, and the numbers grow dramatically while the overall veteran population declines. VA maintains over 120 nursing homes now, and has thousands of contracts with private nursing facilities and other long term care providers. If the VA is going to do more than simply maintain these programs—which will be exceedingly difficult to do, given other challenges—rather than expand them to fit the changing demographic face of VA’s patient population, additional resources will be needed. There is no question about this fact, Mr. President, and no real choice besides it, in my view.

Until yesterday, in response to all of these challenges, the Administration proposed to make one major move to address the crisis situation: cut health care off. As incredible as it may seem, VA was proposing to take away the authority for the Veterans Health Administration. Based on my analysis of this request and its implications, I concluded that this legislation was really a sell out, offering a golden handshake to those whom really needed to stay. It is the wrong move, and I am most pleased to say so.

VA proposes to buy out—that means reduce—its current workforce by about 15,000 staff over a five-year period, by use of a voluntary separation incentive of up to $120,000 in Pittsburgh; up to $4,600 in Altoona; 90 days in Philadelphia; up to 64 days in the Sayre clinic; and up to 94 days of waiting in Wilkes-Barre. Looking at a medical specialty that is crucial for aging veterans, let me report to my colleagues waiting times for VA urology clinics in Pennsylvania: 85 days in Altoona; 90 days in Philadelphia; up to 95 days in Pittsburgh.

I know that the distinguished Ranking Member of my Committee, Senator Rockefeller, has been very concerned about waiting times at VA hospitals in West Virginia; Senator Campell is alarmed about the situation at the Medical Center in Fort Lyon, Colorado and has said so; and Senator Murray has relayed her concerns about the status of VA facilities in the state of Washington. But these problems are everywhere, Mr. President. These kinds of delays in care are not acceptable for our veterans. In fact, I would argue that a waiting time of 60 days for an outpatient primary care appointment or an enrolled veteran constitutes nothing; such a patient is not really receiving care from VA.

I ask my colleagues: is this a situation that you are comfortable in defending? I am not, and I am not willing to remain silent while veterans receive nothing from a grateful nation. VA needs these funds, and this need is clear. Let the United States Senate not shrink from its duty. Let us do the right thing for American veterans by providing an emergency supplemental of $1.7 billion in funding in Fiscal Year 2000 to help VA help our veterans.

RABBI SOLOMON SCHIFF

Mr. GRAHAM. Mr. President, it is a tremendous honor to welcome a distinguished religious leader and member of the South Florida community to the United States Senate: Rabbi Solomon Schiff of the Greater Miami Jewish Federation’s Community Chaplaincy Service.

This morning, my colleagues and I were privileged to have Rabbi Schiff participate in a long-standing tradition by leading the Senate in prayer. His eloquence reminds us that while our legislative efforts to make the United States a better place to live, work, and raise our families is important, it pales in contrast with our responsibilities to the Almighty. On behalf of every member of the United States Senate, I want to thank Rabbi Schiff for his words of inspiration.

It is no accident that Solonon Schiff was asked to lead us in our daily devotions. His long record of service to individuals in Florida, America, and around the world has distinguished him as not only a prominent spiritual leader but also a leader in his community.

Since his graduation from Brooklyn College, the University of Miami, and the Hebrew Theological Seminary in Illinois, Rabbi Schiff has served as Chairman of the Board of License of the Central Agency for Jewish Education, President of both the South Florida and Florida Chaplains Association, Chairman of the Metropolitan Dade Community Relations Board, Chairman of the Chaplaincy Service Advisory Council for the Florida Department of Corrections, and Secretary, Vice President, and President of the Rabbinical Association of Greater Miami.