

law. These patients are limited to the narrow federal remedy under ERISA, which covers only the cost of the procedure the plan failed to pay for. S. 6 would ensure that managed care companies can be held accountable for their actions. It does not establish a right to sue, but prevents federal law from blocking what the states deem to be appropriate remedies. A strong legal liability provision will discourage insurers from improper treatment denials or delays and result in better health care.

Mr. President, only a comprehensive bill will guarantee patient protection with access to quality, affordable health care. We should not miss this important opportunity to enact meaningful legislation that is federally enforceable and will improve care and restore confidence in our health care system.

MORNING BUSINESS

Mr. JEFFORDS. Mr. President, I now ask unanimous consent that the Senate now proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

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

TRIBUTE TO DR. MARY E. STUCKEY, THE 1999 ELSIE M. HOOD OUTSTANDING TEACHER

Mr. LOTT. Mr. President, it is with great pleasure that I pay tribute to The University of Mississippi's 1999 Outstanding Teacher of the Year, Dr. Mary E. Stuckey.

Each year my alma mater The University of Mississippi, known as Ole Miss, recognizes excellence in the classroom with the Elsie M. Hood Outstanding Teacher Award during its Honors Day Convocation. Nominations for this honor are accepted from students, alumni, and faculty. A committee of former recipients then selects the faculty member who best demonstrates enthusiasm and engages students intellectually.

Dr. Mary E. Stuckey is an Associate Professor of Political Science. An 11-year veteran of the Ole Miss Political Science Department, Dr. Stuckey's teaching interests include the Presidency and political communications as well as American Indian politics. Her research focuses on Presidential rhetoric, media coverage of the President, and institutional aspects of Presidential communication. Dr. Stuckey is also working on several projects regarding depictions of American Indians in the media and in national politics. In addition to these areas of interest, she also teaches in the McDonnell-Barksdale Honors College.

Dr. Stuckey's research has earned her several prestigious grants. These include the President Gerald R. Ford Library, the C-SPAN in the Classroom Faculty Development, a National Endowment for the Humanities Fellow-

ship, and the Canadian Studies Faculty Research. She has also published several studies such as "The President as Interpreter-in-Chief" and "Strategic Failures in the Modern Presidency."

A native of southern California, Dr. Stuckey earned a bachelor's degree in political science from the University of California at Davis. She then completed her graduate studies at the University of Notre Dame and joined the Ole Miss faculty in 1987.

Now, Mr. President, let me tell you that Dr. Stuckey and I probably will not agree on much when it comes to political issues. But three members of my current staff, Steven Wall, Beth Miller, and Brian Wilson, tell me she is outstanding in the classroom. They all agree that she is an equal opportunity challenger, regardless of political views, when it comes to the study of politics. She requires her students to use logic rather than emotions when advocating any viewpoint. Dr. Stuckey does not penalize her students when they don't share her views; rather she rewards academic scholarship.

The study of political science is essential to any society. And I believe it is even more incumbent on us, as Americans, to do so. Thomas Jefferson once said, "Self-government is not possible unless the citizens are educated sufficiently to enable them to exercise oversight." He was right. Universities are an important institution to help instill in each generation an appreciation for the unique and honorable character required for our democratic republic. Americans want to learn from their past mistakes so they can strive to build a better society for their children and grandchildren. Dedicated and inspiring teachers, such as Dr. Mary E. Stuckey, this year's Elsie M. Hood Award recipient, are key to ensuring that our next generation of political leaders will have the necessary knowledge and character to make America strong.

ECONOMIC REFORMS IN RUSSIA

Mr. KERREY. Mr. President, I draw my colleagues' attention to an article that appeared earlier this year in *Economic Reform Today*. I ask unanimous consent that the full text of "Safeguarding Russian Investors: Securities Chief Speaks Out" be printed at the end of my statement.

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

(See exhibit 1.)

Mr. KERREY. Mr. President, *Economic Reform Today* is a quarterly magazine published by the Center for International Private Investment. CIPE is one of the core grantees of the National Endowment for Democracy and is dedicated to promoting democratic governance and market oriented economic reform. Their work has been particularly important in assisting the ongoing transition to free markets in the former communist countries of Eastern Europe and the former Soviet Union.

The article I will include in the RECORD, highlights Russia's continuing effort to implement political and economic reforms. This has been a painful process in Russia. However, it is my firm belief that Russia's transition to a free-market democracy will be measured in decades, not years. During this important time—CIPE and the other NED grantees—have been working to ensure that the Russian people have access to the information and resources necessary to make a successful transition.

Again, I encourage my colleagues to read this important article.

EXHIBIT 1

SAFEGUARDING RUSSIAN INVESTORS: SECURITIES CHIEF SPEAKS OUT

(If Russia is to gain economic stability and attract foreign investors it will need to respond better to the needs and concerns of investors. Dmitry Vasiliev has made this the chief reform priority of the securities commission that he heads. He is one of the strongest voices in Russia today calling for more efficient and transparent markets to provide the necessary foreign and domestic capital to jump start Russia's newly privatized enterprises. In this interview with *Economic Reform Today*, Vasiliev underscores the importance of establishing strong shareholders' rights as a cornerstone of economic reform.)

ERT: You have made upholding shareholder rights one of the top priorities of the Federal Securities Commission (FSC). Why is this so important?

Mr. Vasiliev: Protecting investors' rights is an important prerequisite for attracting foreign investment, and, unfortunately, Russia faces serious problems in this area. Although we are gradually improving the quality of corporate governance, Russia is losing billions of dollars in investments because of poor investor safeguards, both in corporate and government securities. This is reflected in the lower value of Russian stock prices as compared with those of other emerging market countries. Better protection of investors' rights will attract more investors and allow companies to raise more capital and lead to the development of new technologies and more production.

ERT: Can you gauge the damage that denying these shareholder rights inflicts on the Russian economy?

Mr. Vasiliev: The Russian economy faces serious consequences unless it can offer adequate safeguards. Not only are foreigners reluctant to invest in Russia, but Russians do not trust it either. People are putting their savings into dollars because other forms of investment don't offer enough protection.

That's why we have concentrated our efforts on protecting the market from low-quality securities. Last year we denied registration to 2,600 issues; that is, we turned down 14% of all submitted prospectuses. That means we prevented 2,600 possible violations of shareholder rights. Of course we also had to cancel some issues that were already registered; for example, the well-publicized cases involving the largest Russian oil companies, such as Sidanko and Sibneft. Last week the Commission launched an investigation into the case of Yukos. We are determined to use all measure necessary to defend minority shareholders. In some cases the exchange or brokers themselves violate shareholder rights through manipulation. Our investigations have increased sevenfold in the last two years. We recognize, however, that we are only at the beginning of a long process.

A responsible government should observe a strict financial policy and minimize its borrowing, including issuing government bonds. The crisis over the past year was also a crisis of sovereign debt: the crash of the GKO (government bond) pyramid caused tremendous losses to the real economy and to the financial sector. As a result, the government is developing twelve new laws aimed at protecting investors. In March, Parliament adopted one of these laws, which protects investors in the securities markets. We also need to improve our joint stock company law in order to reduce share dilution and asset stripping, as well as to allow shareholders to dismiss management and stop asset theft. We also want to change the criminal code and make nondisclosure to investors and crime. I believe that we can learn from other countries' experiences, including the United States, in this area.

There are several typical violations of shareholder rights in Russia. The first is share dilution, which we have been trying to counter by denying issue registrations. The bill approved in March also introduces stricter procedures that should protect against share dilution.

The second is nondisclosure or provision of false information. We have begun to address this issue through the same bill, which allows the FSC to fine issuers of securities if they provide insufficient disclosure or misleading data. For example, if a prospectus contains false information, those who have signed it—the CEO, the auditor and the independent appraiser—bear a subsidiary responsibility if investors lost money because the information was false. Of course this is only the first step; we still have to iron out how to enforce the law and other procedural matters. In the West, for instance, you have "class action" suits, but courts do not hear such cases in Russia.

Another typical violation is transfer pricing abuse; that is, when commodities or securities are sold at artificial prices between or among affiliated companies. Here, as in the case of asset stripping, shareholders need to have stricter control over the actions of management. The FSC is trying to prevent the execution of large transactions without prior shareholders' approval. While we do not always succeed, we are trying to close this important loophole.

The issue of share conversion between a holding company and its subsidiaries is very serious. Shareholders of both the holding company and the subsidiaries must insist on a fair and independent appraisal of assets and establishment of a fair conversion rate. Government officials cannot solve this question; it's a matter for management and the shareholders and points up the importance of appropriate procedures for corporate decision making. For example, in some cases, such as Lukoil's, the share conversion process went pretty smoothly because Lukoil management took a balanced and well-conceived position. Other cases, such as Sibneft, resulted in huge scandals. This is a long-term process and the FSC will be focusing on this issue indefinitely.

ERT: Financial industrial groups have a very strong presence in the Russian economy. Experts argue that they need to be reformed or regulated. In your view, what type of regulation is necessary?

Mr. Vasiliyev: The economic crisis last year delivered a very serious blow to financial industrial groups (FIGs). It destroyed many of them, and weakened many of the so-called "oligarchs," who were forced to sell off parts of their empires. Yukos is just one example of the troubles facing these groups.

I believe that FIGs are not the most efficient way to achieve economic development. Equity or investment financing through the

securities market and the banking system should be kept—and regulated—as separate systems. The experiences of other countries, including the US, show that heavy investment in industry by banks and financial institutions can have catastrophic consequences. Back in 1997, I was already insisting that Russia needs banks to stay away from risky speculative operations, not to hold stock in companies and not to invest in industry. What we had in the August 1998 crisis was the collapse of the settlement system.

At the same time we need investment banks involved in corporate finance, but investors know that many Russian banks are used for speculative operations not for settlement purposes. Russia's President Yeltsin recently sent a message to the Federation Council stating that the country needs both "settlement" banks and "investment" banks. The fact that President Yeltsin highlighted this critical issue is an encouraging sign for the ailing banking sector.

Creditors' rights also need to be protected. In Russia creditors are not offered adequate protection. The banks say that they need a controlling interest in a company in order to be able to lend money to it. Creditors' rights should be protected, but the solution to that is for banks not to participate in a company's equity capital. If banks would lend to companies rather than invest in government bonds, they would not be so involved in speculation and not be so dependent on getting controlling interest in companies.

State involvement in the economy should be minimal, but today it is still very high. Sweeping privatization is not the most important objective; the goal should be to privatize the land held by industrial companies so they can use it as collateral for loans. The sooner this is done the better, but this process has moved very slowly since 1994. In my opinion this aspect of privatization is more important than agricultural reform.

ERT: Can you delineate the responsibilities of the FSC and the Central Bank in regulating corporate transactions and capital markets? In what areas should they cooperate and in what areas should they have separate responsibilities?

Mr. Vasiliyev: I believe that each has its own functions—the main objective of the Central Bank, just like in any other country, is supporting the national currency. My task at the FSC is to protect investors and regulate the securities market.

ERT: In your view, what is the Russian public's perception of the local business community? If it is negative, how should businesses work to revamp this perception?

Mr. Vasiliyev: The attitude toward business people is not very good. I believe that the country's private sector should work on changing its tarnished image. It should be prestigious to be involved in business and society should appreciate that it has an important function. Changing the poor image of business will, of course, take a long time. The ideology of the old Soviet regime won't disappear overnight. In Russia it is the younger generation that is leaning toward capitalism.

The private sector, of course, will play a key role in the economy. It already plays an important role, but often in the form of speculation and the "shadow" economy. The Russian economy needs to move from the shadows to the daylight through simplification of regulation and licensing. We need to make it profitable to pay taxes. (See ERT No. 4, 1997 pp. 6–9 for a detailed discussion of how Russia's "shadow" economy operates.)

ERT: In Russia, much of the public perceives the privatization process as unfair. How would the changes in regulations that you have outlined in this interview improve this process?

Mr. Vasiliyev: We believe that the structure of ownership will gradually change. Many companies that were privatized as joint stock companies will probably leave the securities market. They are not interested in remaining publicly traded. We will probably have 500 to 1,000 publicly traded companies. Most small shops or factories employing less than 100 persons will gradually end up being privately owned or become closely held companies, which is fine. The number of publicly traded companies is declining in countries that went through mass privatization. We see this happening in the Czech Republic and it will eventually happen in Russia, too.

There were two components of Russia's privatization process. One was land privatization—the land "under" companies—and the other was securities markets development intended to rectify privatizations that were not done in a very efficient manner. We were forced to implement privatizations in the way we did. Other options then were not politically or psychologically acceptable in our country. I still believe this. But it is obvious that we encountered a lot of insider influence and very limited transparency because of the very fast pace of transition.

When we were first starting to privatize, I worked in the state property commission as a deputy to Mr. Anatoly Chubais, its chairman, and I drafted many documents on privatization. One of the main conditions we asked for was that companies become open joint stock corporations so that stock could be sold and bought. Now that there is a battle for control of these companies and the advent of outside shareholders is beginning to strengthen their positions, Russian companies are changing bit by bit. The securities markets are helping this transition.

The use of a central depository as a privatization mechanism has been adopted by many emerging market countries and is accepted by all securities commissions. If we could establish a central depository, we would be able to reduce the number of registrars and eventually move toward not using them at all. Later we could introduce centralized clearing settlements. These will lower investors' costs and significantly improve protection of their rights since they would then be protected from registrar-related risks. The attractiveness of the Russian market would benefit significantly from the results. So my position was and is that sooner or later this central depository will be created in Russia.

Right now our policy is that no single issuer can control more than 20% of a registrar, and that registrars handle a large number of issuers. They gradually are becoming more independent. Our largest registrars handle 200 to 300 issuers and millions of accounts so that they are no longer dependent on a particular issuer.

Of course, there are still registrars who are under the strong influence of a single issuer—Yukos, for example. But they are subject to strict control by the Commission. In the past year, we checked up on three-fourths of all registrars and have 125 of them left to check. Almost all of them are checked once a year.

ERT: More broadly, what lessons should policymakers in other developing countries learn from Russia's ongoing transition to a market-oriented economy?

Mr. Vasiliyev: The first lesson is that emerging markets cannot borrow the experience of Western countries. You cannot just transfer their legislation to other countries. We are at a different stage of development. The Russian economy and its financial instruments are nearly a century behind those of the US, for example, in terms of our legal base, the capitalization of our institutions,

and our familiarity with how a market economy works.

The Russian economy faces several key obstacles. First is a lack of expertise among Russian managers. A typical manager cannot write a reasonable plan for investors. A manager may have a project and an investor may have cash to invest, but without a decent plan, nothing will develop. Second, Russia must simplify its taxation rules and reduce the tax burden. Only then will we see real economic growth and more revenues. Third, we must greatly simplify procedures for the control and licensing of businesses. Starting up and/or liquidating a business should be easy. This would enable us to reduce crime and corruption and transfer part of the informal economy to the formal sector.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, July 12, 1999, the Federal debt stood at \$5,621,471,104,821.73 (Five trillion, six hundred twenty-one billion, four hundred seventy-one million, one hundred four thousand, eight hundred twenty-one dollars and seventy-three cents).

Five years ago, July 12, 1994, the Federal debt stood at \$4,621,828,000,000 (Four trillion, six hundred twenty-one billion, eight hundred twenty-eight million).

Ten years ago, July 12, 1989, the Federal debt stood at \$2,800,467,000,000 (Two trillion, eight hundred billion, four hundred sixty-seven million).

Fifteen years ago, July 12, 1984, the Federal debt stood at \$1,534,664,000,000 (One trillion, five hundred thirty-four billion, six hundred sixty-four million).

Twenty-five years ago, July 12, 1974, the Federal debt stood at \$472,596,000,000 (Four hundred seventy-two billion, five hundred ninety-six million) which reflects a debt increase of more than \$5 trillion—\$5,148,875,104,821.73 (Five trillion, one hundred forty-eight billion, eight hundred seventy-five million, one hundred four thousand, eight hundred twenty-one dollars and seventy-three cents) during the past 25 years.

PRESERVING ACCESS TO CARE IN THE HOME ACT OF 1999

Mr. FEINGOLD. Mr. President, I rise today to commend my colleague Senator JAMES JEFFORDS of Vermont on legislation he introduced that makes several important first steps in addressing some serious access problems in the Medicare home health care program. Senator JEFFORDS' legislation, the Preserving Access to Care in the Home (PATCH) Act of 1999, contains several important provisions to ensure that all Medicare beneficiaries have access to home health services.

Mr. President, I have been working to promote the availability of home care and long-term care options for my entire public life. I believe it is vitally important that we in Congress work to enable people to stay in their own homes. Ensuring the availability of home health services is integral to pre-

serving independence, dignity and hope for some of our frailest and most vulnerable fellow Americans. I feel strongly that where there is a choice, we should do our best to allow patients to choose home health care. I think Seniors need and deserve that choice. I applaud Senator JEFFORDS for his leadership on this issue, and I look forward to working with him to ensure that Seniors have access to the care that they need.

INDIVIDUAL DEVELOPMENT ACCOUNTS

Mr. ABRAHAM. Mr. President, within the next several weeks, the Senate will debate an issue of extreme importance to the future of our economy—whether and in what manner to return nearly \$800 billion in tax relief to the American people over the next ten years.

I strongly support this tax cut. I believe we owe it to the American people, who after all provided the hard work that produced our current surpluses. I also believe that these surpluses provide us with a unique opportunity to reduce and simplify our current onerous, Byzantine tax code. Finally, and most important for my purposes here today, we now have an important opportunity to target and encourage further saving and investment.

To keep our economy growing and our budget balanced, we must do more to encourage saving and investment. Therefore, it is my view that part of the tax cut should be crafted following an innovative concept called Individual Development Accounts or IDAs. IDAs are emerging as one of the most promising tools to help low income working families save money, build wealth, and achieve economic independence. This pro-asset building idea is designed to reward the monthly savings of working-poor families who are trying to buy their first home, pay for post-secondary education, or start a small business. The reward or incentive can be provided through the use of tax credits to financial institutions that provide matching contributions to savings deposited by low income people. In this way those savings will accumulate more quickly, building assets and further incentives to save.

I believe so strongly in the many benefits that IDAs can provide to low income families that I have cosponsored S. 895, the Savings for Working Families Act written by my colleagues, Senators LIEBERMAN and SANTORUM. Similar to 401(k) plans, IDAs will make it easier for low income families to build the financial assets they need to achieve their economic goals. But availability is not enough. We also must empower the working poor in America to make use of this important economic tool. That is why a second key component of the IDA concept consists of financial education and counseling services to IDA account-holders. These services will allow IDA users to

further improve their ability to save and improve their quality of life.

Let me briefly outline the four key reasons why I believe the IDA concept is so crucial to a well-crafted tax cut.

First, asset building is crucial to the long-term health and well being of low income families. Assets not only provide an economic cushion and enable people to make investments in their futures, they also provide a psychological orientation—toward the future, about one's children, about having a stake in the community—that income alone cannot provide. Put simply, families that fail to save fail to move up the ladder of economic success and well-being. Unfortunately, saving strategies have been ignored in the poverty assistance programs established over the past 35 years. IDAs will fill this critical gap in our social policy.

Second, our great Nation needs to address the wealth gap, and bring more people into the financial mainstream. While there has been considerable attention given to the income cap among our citizens, I wonder how many Americans realize that ten percent of the families control two-thirds of our Nation's wealth or that one-half of all American households have less than \$1,000 in net financial assets, or that 20 percent of all American households do not have a checking or a savings account?

Current Federal tax policy provides more than \$300 billion per year in incentives for middle-class and wealthy families to purchase housing, prepare for retirement, and invest in businesses and job creation. Yet, public policies have largely penalized low income people who try to save and build assets and savings incentives in the tax code are beyond their reach. It is time for us to find ways to expand these tax incentives so that they can reach low income families who want to work and save.

Third, IDAs are a good national investment, yielding over \$5 for every \$1 invested. According to the Corporation for Enterprise Development or CFED, the initial investment in IDAs would be multiplied more than five times in the form of new businesses, new jobs, increased earnings, higher tax receipts, and reduced welfare expenditures. And these increases will come from genuinely new asset development. Savings will be produced that could not have been produced by other, more general means, and in areas where there were no savings before.

Finally, IDAs have a successful track record we should not ignore. IDAs are working now in our communities and they are having a tremendous effect on families who choose to save for the future. There are already 150 active IDA programs around the country, with at least another 100 in development. Approximately 3,000 people are regularly saving in their IDAs. The CFED has compiled encouraging evidence from their IDA pilot programs showing that poor people, with proper incentives and