system. It is mandatory if addressing a change in benefits is contemplated.

Finally, I strongly support itemizing 2.5 percent of the surplus, or $156 billion over 15 years for education, and 6 percent of the surplus or $366 billion over ten years for various discretionary programs such as defense, veterans affairs, research, agriculture, and environmental protection.

That would leave $271 billion over the next ten years which could be utilized as a tax cut.

Indeed, that is why I worked with my colleague from Iowa, Senator GRASSLEY, to put together and introduce earlier this year a moderate bill that provides needed tax relief for working families while fitting within the budget framework set out by the President to protect Social Security and Medicare.

The Grassley-Feinstein plan would cost $271 billion over ten years. It provides a $61.4 billion cut in the marriage penalty; a 100 percent deduction for health insurance expenses and a tax credit for long-term care ($117 billion over ten years); an increase in the low-income housing credit ($6.6 billion over ten years); tax credits for child care and education, including help for stay at home parents, with the HOPE college credit, and with student loan interest payments ($32.3 billion over ten years); and it helps our economy continue to grow by making permanent the R&D tax credit ($27.4 billion over ten years).

In fact, it is much like the Democratic plan. It is a common sense, bipartisan approach.

Of all the tax cuts that have been proposed, I believe the one that would be of the most help to the American people would be marriage penalty relief.

It makes sense for social reasons: It reinforces the important institutions of family and marriage.

And it makes sense for economic reasons: It eliminates what many of us see as a vast inconsistency in our tax law, that two people could find that they pay more in taxes if they are married then if they stay single. It makes no sense.

Another approach to this tax relief question would be to simply eliminate the marriage penalty outright, starting in 2002, and allow married couples to file either individually or jointly at their option. This would cost some $234 billion for the eight years.

A tax relief plan which starts with a $234 billion cut in the marriage penalty would also allow us to include other important provisions. I would support including an immediate increase in the low-income housing tax credit, indexing that credit to inflation, which would cost $6 billion over ten years. The low-income housing tax credit is critical for financing housing for low income families. I would also support the permanent extension of the R&D tax credit,which costs some $27.4 billion over ten years, and provides an important incentive for U.S. companies to continue to develop the cutting-edge technologies of the 21st century.

So, the complete elimination of the marriage tax, the low-income housing credit, and the R&D credit would total some $269 billion over the next years, well within the $271 billion cap.

Unfortunately, the Republican plan passed by the Finance Committee is neither common sense nor bipartisan.

It is a tax plan which will endanger the federal budget, places Medicare at risk, force deep and unnecessary cuts in important domestic priorities, and may undermine the long-term health of the U.S. economy. It is unwise, and I urge my colleagues to think long and hard before plunging headlong and heedless down this path of fiscal irresponsibility.

Congress has an unprecedented opportunity to put our fiscal house in order. We can protect Social Security and Medicare, meet other domestic and international priorities, and eliminate the federal debt. And we can provide the American people with significant and much needed tax relief. This is not some pie in the sky scenario, but a realistic appraisal of what we can do if we are willing to move beyond partisan posturing and politics as usual, and do what is right for the American people.

BUSINESS AS USUAL IN THE RUSSIAN FEDERATION

Mr. CAMPBELL. Mr. President, I take this opportunity today in my capacity as Co-Chairman of the Commission on Security and Cooperation in Europe, known as the Helsinki Commission, to draw the attention of my Senate colleagues to the growing problem of official and unofficial corruption abroad and the direct impact on U.S. business.

Last week I chaired a Commission hearing that focused on the issues of bribery and corruption in the OSCE region, an area stretching from Vancouver to Vladivostok. The Commission heard that, in economic terms, rampant corruption and organized crime in this vast region has cost U.S. businesses billions of dollars in lost contracts with direct implications for our economy here at home.

Ironically, Mr. President, in some of the biggest recipients of U.S. foreign assistance—countries like Russia and Ukraine—the climate is either not conducive or outright hostile to American business. This week a delegation of Russian officials led by Prime Minister Sergei Stepashin are meeting with the Vice President and other administration officials to seek support of the transfer of billions of dollars in loans and other assistance, money which ultimately comes from the pockets of U.S. taxpayers.

I recently returned from the annual session of the OSCE Parliamentary Assembly in St. Petersburg, Russia, where I had an opportunity to sit down with U.S. business representatives to learn from their first-hand experiences and gain a deeper insight into the obstacles they face. During the 105th Congress, I introduced legislation—the International Anti-Corruption Act—to link U.S. foreign aid to how conducive recipient countries are to business investment. I intend to reintroduce that legislation shortly, taking into account testimony presented during last week's Commission hearing.

The time has come to stop doing business as usual with the Russians and others who gladly line up to receive our assistance then turn around and fleece U.S. businesses seeking to assist with the establishment of legitimate operations in these countries. An article in the Washington Post this week illustrates the type of rampant and blatant corruption faced by many in the U.S. business community, including companies based in my home state of Colorado.

Mr. President, I ask unanimous consent that the full text of this article be printed in the RECORD.

There being on objection, the material was ordered to be printed in the RECORD, as follows:

INVESTORS FEAR ''SCARY GUY'' IN RUSSIA TALKS

(By Steven Mufson)

Russian Prime Minister Sergei Stepashin arrived in Seattle on Sunday to court American investment in his country's ailing economy, but his entourage included a regional governor who has been accused of using strong-arm tactics to wrest assets from foreign investors.

The controversial member of Stepashin's delegation is Yevgeny Nazdratenko, governor of Primonsky province in Russia's Far East, who is embroiled in several disputes with foreign business leaders.

''Basically the governor is a pretty scary guy,'' said Andrew Fox, who sits on the boards of more than 20 companies in the region and is the honorary British consul in Valdivostok. Fox said that Nazdratenko summoned him on June 3 and threatened to send him ''on an excursion to visit a very small room'' where Fox would be kept until he agreed to give the governor control of a crucial stake in a shipping company and leave the company's existing management intact. Fox left that week and is now in Scotland.

David Gens, finance director of Seattle-based Far East Maritime Agency, said the Russian partner of one of the company's affiliates 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 investor has alleged that Nazdratenko packed the board of a company, diluted the ownership interest of foreign investors and diverted funds to coffers for his December reelection campaign.

Senior administration officials said Nazdratenko would not be included in meetings 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 investors.

Russia has defaulted on its debts, it has a lot of economic problems, it should be extra careful to woo foreign investors, said a Moscow-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 just 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 political powerhouse and runs his region with little supervision from authorities in faraway 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 invest in Russia,'' Fox added. ''But it's so outrageous what's being done'' in Vladivostok. ''It's total lawlessness. Is that where Russia is heading?'' Fox asked. ''If so, then there is no sense in spending money there, and Russia 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 fickle nature of Russia's economic system are in Seattle, the first stop in Stepashin's U.S. visit.

Gens estimates that one Vladivostok fishing trawler company, Zao Super, owes tens of millions of dollars to Seattle-area suppliers of nets, fuel, spare parts and maintenance 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 shareholder and chairman is a close associate of Nazdratenko.

Zao Super, which allegedly was told to divert money 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 problems, 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 funding is important to negotiations on rescheduling Russia's crushing debts. Russia, which has $17 billion in debt payments due this year, already has defaulted on many obligations.

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 ruble, in August 1998.

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

''We are going ahead with a package which I hope is credible, which I hope will be implemented fully,'' Alassane Quattara, deputy managing director of the IMF, told Reuters. ''The first intentions and the first measures taken by the new government are quite positive. . . . The board knows the parameters, the difficulties and the risks.''

Mr. CAMPBELL. Mr. President, instead of jumping on the bandwagon to pump billions of additional tax dollars into a black hole in Russia, the administration should be pressing the Russian leadership, including Prime Minister 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 corruption will continue to undermine Russia's fledgling democracy and the rule of law and further impede moves toward a genuine free market economy.

VA HEALTH CARE SHORTFALLS

Mr. SPECTER. I address the Chair on a subject that is critical to the veterans of the armed forces of our nation, and to the Committee on Veterans' Affairs, 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 Administration must ask ourselves: what is the crisis, and what may be the acceptable remedy? It seems that the Department of Veterans Affairs must choose among difficult options of providing care for fewer veterans—that is, ''disenroll'' veterans already expecting care from a VA provider or plan; increase waiting times; cut VA staff; lower quality of care; close and consolidate numerous facilities, or Congress must increase VA's budget. For my money, Mr. President, the choice is clear and simple: we must act to increase VA's appropriation, and we must do so now.

Yesterday after years of denial, the Director of the Office of Management and Budget, Mr. Jacob Lew made an amazing discovery—that there are problems in the VA health care system due to funding shortfalls. I ask unanimous consent that the text of OMB Director Jacob Lew's letter of July 26, 1999 be printed in the RECORD.

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

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, July 26, 1999.

Hon. ARLEN SPECTER,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Later this week we plan to send a fully offset budget amendment to add $1 billion to support the Department of Veterans Affairs (VA) medical care system. Since the publication of our budget, we have become increasingly concerned about reports of increased waiting times and other operational problems in the system.

Much has changed since January. As the VA has moved from a largely inpatient system to an outpatient one, we have found that the analysis and execution of these profound shifts are more complex than initially believed. For example, in FY 1999 alone, we expect to open 70 new community-based outpatient clinics from resources previously used for inpatient services. The movement of these resources has proven more difficult this year than in the first years of the transformation of VA. As VA has improved access to care through community clinics and continuity through universal primary care provider teams, additional veterans have sought care in VA. While the net cost of these new users is not fully understood yet, they have stressed parts of the system where management and operational flexibility is minimal. For example, waiting times in primary care have increased in several geographic areas.

The nationwide enrollment of veterans for medical care services was required for the first time in 1999. It was decided in this first year to open enrollment to all veterans, including higher-income non-service disabled veterans who were traditionally treated on a space-available basis only. As of April 30, we have provided treatment to almost 2.7 million veterans, 0.4 million of whom are new users of the system.

The resources needed for this mixture of complex dynamics are greater than expected when the President's FY 2000 budget was prepared. We will be requesting $800 million in additional funds to ensure quality and reduce waiting times that have grown significantly 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 change. VA is saddled with an infrastructure that no longer meets geographical and treatment needs. Recently, GAO reported that VA is spending $1 million per day on unneeded, outmoded facilities. We will be requesting $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 also 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 high-priority veterans who do not have access to 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 are not overburdening the system. We will therefore be discontinuing the enrollment of category 7 veterans until such time as we feel confident that we can accommodate these veterans in 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 action 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 attempt to treat so many patients as to result either in diminishing the quality