

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 preserving 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 support will save regularly and acquire productive assets. There are almost 1,000 families participating in CFEDs privately funded IDA demonstration and as of December 31, 1998 these families saved over \$165,000, an amount which leveraged another \$343,000 in matching funds.

IDAs are already a tremendous success. But, unless additional resources can be found to provide the matching contributions so essential for IDAs to succeed, most low income families will never have the opportunity to save and build assets for the future. The major factor in delaying the creation of IDAs in the 100 communities mentioned above is the lack of a funding source that can provide the needed matching contributions. Our tax cut bill will and should provide nearly \$800 billion in tax cuts over the next ten years. I believe that, within this bill, we should make a small investment of only \$5-\$10 billion in IDAs. This would ensure that millions of working, low income families who want to work and save for their first home, provide a post-secondary education for a child, or start a small business could establish their own IDA accounts.

I strongly encourage the Senate Finance Committee to look closely at IDAs as a means of helping low income families build the financial assets they need to achieve the American Dream.

FAIRNESS FOR FEDERAL WORKERS IN RHODE ISLAND

Mr. REED. Mr. President, I rise today to address an issue of critical importance to nearly 6,000 federal workers in the state of Rhode Island and to the agencies that employ them.

The absence of federal locality pay for workers in Rhode Island has cre-

ated serious recruitment and retention problems for federal offices due to the substantial federal pay differential between Rhode Island and the neighboring states of Massachusetts and Connecticut.

Let me briefly give the background on this complex issue. Nine years ago, Congress enacted the Federal Employees Pay Comparability Act of 1990 to correct disparities between Federal and private salaries. The Act authorized the President to grant interim geographic pay adjustments of up to 8% in certain areas with significant pay disparities during 1991-1993. Beginning in 1994, the Act provided for a nationwide system of locality pay intended to close the gap between Federal and private salaries over a nine-year period.

Unfortunately, implementation of the Act has created significant pay disparities among Federal employees in southern New England, in particular between Federal employees in Rhode Island and those in Massachusetts and Connecticut.

Rhode Island is literally surrounded by locality pay areas. On its western border, Rhode Island is adjacent to the Hartford locality pay area, which includes all of New London County, Connecticut. Rhode Island's entire northern border is adjacent to the Boston-Worcester-Lawrence locality pay area, which includes the towns of Douglas, Uxbridge, Millville, and Blackstone in Worcester County, Massachusetts; and all of Norfolk County, Massachusetts. The Boston pay locality even reaches around the state of Rhode Island to encompass the adjacent town of Thompson, Connecticut, which lies directly west of Woonsocket, Rhode Island, on the opposite side of our state from Boston. Finally, Rhode Island's eastern border is separated from the Boston locality pay area by as little as four miles.

One facility within a few miles of the Boston locality pay area, the Naval Undersea Warfare Center in Newport—a premier Navy R&D laboratory with world class facilities and progressive employee benefits—has seen its starting salaries continue to fall below the industry average. As a result, the Center's acceptance rate has dropped to approximately 40% and the average GPA of new employees is down.

The Federal Salary Council's eligibility criteria have created what I frequently refer to as a "donut hole" in locality pay in our region that leaves thousands of federal employees in Rhode Island with a minus 3.45% pay differential in 1999 when compared to federal employees just a few miles to the north, east, and west.

Mr. CHAFEE. Will the Senator yield?

Mr. REED. I will be happy to yield to the senior Senator from Rhode Island.

Mr. CHAFEE. It is no wonder that Federal agencies in Rhode Island have trouble recruiting and retaining quali-

fied employees given the very short travel time to the higher-paying Boston or Hartford locality pay areas. Most Americans know that Rhode Island is the smallest state in the nation, but I think it is worth emphasizing just how small the dimensions are, and the impact that has on commuting patterns in our region.

It is only 35 miles from the eastern edge of the Hartford locality pay area in Connecticut to the Boston locality pay area in Dartmouth, Massachusetts. In between, a little more than 30 miles across, is the state of Rhode Island and 3,700 federal employees without locality pay in Newport County. Where is the incentive for a federal employee living in central Rhode Island to continue working for a federal agency in our state when he or she could drive less than 20 miles in any direction and receive a nearly 4% raise?

Mr. REED. The Senator is correct. This situation makes no sense given the similar cost of labor across southern New England and the unusually heavy commuting patterns between Rhode Island and the Boston and Hartford pay localities, especially with the Boston area. It is only 45 miles from Providence to downtown Boston.

The question before us now is, how did we get into this situation, and how can we correct it? The main obstacle to federal locality pay in Rhode Island is the federal government's use of county data to determine the eligibility of "Areas of Application" to existing pay localities. First of all, I would note that Rhode Island has no county governments, and the Federal Salary Council's use of county data is, therefore, impractical and arbitrary. Secondly, the criteria for application are structured in such a way that our state cannot become eligible. To be considered, a county must be contiguous to a pay locality; contain at least 2,000 General Schedule employees; have a significant level of urbanization; and demonstrate some economic linkage with the pay locality, defined as commuting at a level of 5% or more into or from the areas in question.

Mr. CHAFEE. If the Senator will yield, I would point out that in our state, Newport County surpasses the employee requirement but is not contiguous to a pay locality because the President's Pay Agent excluded the towns of Westport and Fall River, Massachusetts from the Boston-Worcester-Lawrence pay locality. As a result, less than four miles separate the 3,700 Federal employees in Newport County from the locality pay provided to employees in the Boston pay locality.

Given our State's extremely small size and, as the Senator mentioned, the fact that Rhode Island has no county governments, the Salary Council's use of county data is inappropriate. The total land area of Rhode Island is only about two-thirds the size of Worcester