

drink. She further said that she has let down her parents and her team and lost what meant the world to her; being part of the La Cueva women's soccer team. Kristen feels that this will make her a stronger person and a stronger player next year.

Kristen has made all of us stronger. She has taught all of us who have heard about her efforts about admitting your mistakes, taking responsibility for your actions, and apologizing when you are wrong. This year, Kristen is going to go to the soccer games and cheer for her teammates. Next year, she will be back on the team. A little older, a little wiser, and respected not only for her talent, but for her character.

YEAR 2000 INFORMATION AND READINESS DISCLOSURE ACT

SPEECH OF

HON. LOIS CAPPS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1998

Mrs. CAPPS. Mr. Speaker, I rise today in strong support of S. 2392, the Year 2000 Information and Readiness Disclosure Act.

This important piece of bipartisan legislation will encourage sharing of Y2K solutions by protecting businesses on the Central Coast of California and throughout the Nation from liability when they share Y2K technologies in good faith.

As an original cosponsor of similar legislation, HR 4355, I believe that the bill before us today will increase the flow of technical data on solutions to this difficult problem.

In communities across the nation we could be facing widespread economic disruption and inconvenience if the problems that the Year 2000 presents are not adequately addressed.

In my district, I am working hard to make sure that federal Y2K resources are available to small businesses and community leaders. We simply must raise the national consciousness on the Y2K problem before it is too late.

This bill is a positive step in that effort and I urge all Members to support it.

YEAR 2000 INFORMATION AND READINESS DISCLOSURE ACT

SPEECH OF

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1998

Mrs. MORELLA. Mr. Speaker, over 2½ years ago, my Technology Subcommittee first began our review of the Year 2000 problem and discovered that the fear of potential legal liability created a disturbing chilling effect that froze private industry from sharing important Y2K information with each other and with the American public.

As a result, instead of working together on an industry-wide basis to craft common solutions to expedite effective Year 2000 assessment, remediation, and validation efforts, many companies have simply chosen to not publicly discuss their Y2K situation. With just 450 days before January 1, 2000, clearly this needs to change. In the short time remaining,

we must foster a climate of greater collaboration and not one of silence and uncooperation.

That is why passage of S. 2392, the Year 2000 Information and Readiness Disclosure Act, the bill we passed late last night, is so very important. As the Co-Chair of the House Year 2000 Task Force and the Chair of the Technology Subcommittee, I was very pleased to be an original House sponsor of the bill, to help address some of the industry concerns in the original version of the bill, and to work towards its enactment.

Mr. Speaker, in one of the series of Year 2000 hearings conducted by my Technology Subcommittee, witnesses testified that the risk of failure and its liability consequences, including both punitive and compensatory damages, has created a large Year 2000 cottage industry for lawyers waiting to file suits. Some are even speculating that the cost of legal damages could ultimately exceed the total cost for actually fixing the Year 2000 problem.

It should then come as no surprise that certain industries have refused to acknowledge or share Year 2000 information for fear that such disclosure could ultimately leave them vulnerable to negligence and warranty suits. Many companies have resisted exchanging technical advice with one another, delaying the pace of repair work, because they fear costly litigation if the information they provide inadvertently turns out to be inaccurate.

The goal of S. 2392 is to encourage the widest possible dissemination of Y2K information so that organizations can move effectively to remediation by immunizing businesses from lawsuits if they share information about the problem. By incorporating certain provisions of H.R. 4455, the Year 2000 Readiness Disclosure Act, of which I am also an original sponsor, into S. 2392 the private-sector should now have the legal protection needed to share Y2K information.

The current language in the bill reflects changes to accommodate the concern of a number of industries that the original bill was crafted too narrowly and did not go far enough to achieve its stated goal. For example, the bill as originally introduced only protected companies from liability lawsuits based on unknowingly false Year 2000 information disclosures.

Many companies, however, feared that their accurate Y2K statements would be used against them as evidence in liability lawsuits. S. 2392, as amended in the Senate, addresses the full range of concerns regarding Y2K information-sharing by permitting private-sector entities to release "Year 2000 Information Disclosures," as contained in H.R. 4455. Accurate information in these written, labeled statements would be protected from use in any civil litigation related to Y2K failures.

Mr. Speaker, while S. 2392 is narrowly tailored to just the issue of information exchange and does not affect the greater liability questions, I believe that we must fully explore the legal liability issues and discuss the policy implications of creating liability caps, safe harbors, immunity protection, and alternative dispute resolution mechanisms, among other provisions, in the near future.

While I look forward to engaging in this debate in the upcoming 106th Congress, addressing legal liability will not be an easy task. We must continue to encourage all businesses to devote their full resources and commitment to solving the Year 2000 problem, and not to sit around in expectation of enacted legislation

which has the potential of unburdening them from taking any corrective action. If we are to eventually enact liability legislation, we should not be providing companies an easy out for failing to engaging in Y2K remediation in a timely and effective manner.

It concerns me that the legal battles have already begun. A Michigan grocery store is suing the manufacturer of its cash registers because the machines reject credit cards with year 2000 expiration dates. Several software companies are facing lawsuits for breach of warranty, fraud, and unfair business practices because they charge clients for the upgrades necessary to correct the millennium bug. According to the Gartner Group, some 200 disputes have already been settled out of court across the country.

Mr. Speaker, S. 2392 is a necessary first step in the congressional review of Year 2000 liability issue and will play a significant role in helping the private sector in addressing the Year 2000 computer problem. I am pleased to support its enactment and I look forward to its signature into law by the President.

THE HIGH COST OF PRESCRIPTION DRUGS

SPEECH OF

HON. JAMES H. MALONEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1998

Mr. MALONEY of Connecticut. Mr. Speaker, a number of studies have concluded that many older Americans pay high prices for their prescription drugs. Senior citizens across the country are becoming increasingly concerned about their ability to afford medications that are necessary to maintaining good health. It has even been reported that more than one in eight older Americans has been forced to choose between buying food and buying medicine.

At the request of my colleague, Rep. JIM TURNER, the Minority staff of the House Government Reform and Oversight Committee conducted several studies to determine why older Americans pay high prices for prescription drugs. Their findings are disturbing:

They uncovered a "discriminatory pricing" scheme whereby senior citizens pay, on average, over twice as much for prescription drugs as the drug manufacturers' most favored customers—such as large insurance companies, hospital chains and the Federal government. Specifically, corporate and institutional customers with market power are able to buy their drugs at discounted prices—however, prices are raised for sales to seniors and others who pay for needed prescriptions themselves in order to compensate for the discounts offered to favored customers.

The average price differential among the 10 drugs studied between what seniors pay and what favored customers pay is five times what it is for other consumer products.

This practice allows the drug industry to amass large profits at the expense of those who are least able to afford it—older Americans. Although the elderly have the greatest need for prescription drugs, they often have the most inadequate insurance coverage for the cost of these drugs. Medicare does not cover the cost of most prescription drugs, and

supplemental "Medigap" policies are often prohibitively expensive or limited in their coverage. Furthermore, a 1996 AARP survey indicated that 37% of older Americans do not have insurance coverage for prescription drugs. As a result, many senior citizens—a large portion of whom live on a fixed income—are forced to pay the full, out-of-pocket expense of prescription drugs.

The problem is clear: drug manufacturers are selling drugs to their favored customers at drastically reduced prices while not passing along those same savings to retail pharmacies and senior citizens. HR 4646, the "Prescription Drug Fairness Act", addresses this problem by giving every Medicare-eligible person a prescription drug card that they can take to their pharmacy and use to purchase prescription drugs at the same prices enjoyed by the drug manufacturers' favored customers.

The bill accomplishes this by allowing local pharmacies to purchase drugs used by senior citizens from the General Services Administration (GSA) of the Federal government. Since the GSA is one of the entities able to purchase prescription medication at much lower prices, pharmacists will be able to pass on significant savings to our senior citizens.

This is smart legislation that will save Medicare dollars by allowing seniors to get the medications they need to stay healthy. But more importantly, this is an effective approach to the problem of discriminatory pricing that will improve the quality of life for our senior citizens. I believe this bill will save lives and promote the personal financial stability of older Americans.

I strongly urge my colleagues to support H.R. 4646.

TRIBUTE TO SUSAN DAVIDSON

HON. PHIL ENGLISH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mr. ENGLISH of Pennsylvania. Mr. Speaker, it is with great pride I rise today to honor a young woman from Butler, Pennsylvania, who has shown remarkable integrity and determination. She is Miss Susan Davidson, America's 1998 Junior Miss.

The 1998 Butler High School graduate is the first Miss Pennsylvania Junior Miss from Butler, Pennsylvania to win the national title. Susan Davidson is a straight A student as well as an accomplished pianist who practices four hours a day. In fact, she demonstrated her tremendous musical talents by placing in the top four in the creative and performing arts category with her moving performance of "Tocata" by Khachaturian. She also won a scholastic achievement award and took first place in the presence and composure category. Susan's dedication to her goals has become her trademark. She works hard to achieve her dreams.

At Butler High School, Susan was a member of National Honor Society. She also played the French Horn in Butler High School's marching band and participated in the 1996 Governors School for the Arts, the 1997 All-State Chorus, as well as Regional Band and Regional Orchestra. Last year, she was the Butler County 1997 Fair Queen.

Miss Davidson best described her achievements when she said, "(Being a Junior Miss

doesn't make you something that you aren't. The title rewards you for who you are, for what you have inside." Well Susan, I could not agree with you more. Congratulations on your accomplishments. You are an inspiration to us all.

HEDGE FUND BAILOUT

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mr. PAUL. Mr. Speaker, the Federal Reserve orchestrated bailout of the hedge fund Long-Term Capital Management LP raises serious policy questions. At one point, the notional value of the Cayman Island-registered fund's derivatives totalled about \$1.2 trillion. We should look seriously at this issue because of the taxpayer-backed liability concerns raised by the involvement of an agency with the full faith and credit of the U.S. government. The state of Michigan has taken a constructive first step regarding the public policy concerns of derivatives. I urge us to consider the wisdom of the State Representative Greg Kaza as we debate this issue.

STATEMENT OF HON. GREG KAZA, MICHIGAN STATE REPRESENTATIVE, ADJUNCT PROFESSOR OF FINANCE, WALSH COLLEGE

Derivatives are financial instruments broadly defined as any contract or convertible security that changes in value in concert with a related or underlying security, fixed-income instrument, future or other instrument, currency or index; or that obtains much of its value from price movements in a related or underlying instrument; or an option, swap, warrant, or debt instrument with one or more options embedded in or attached to it, the value of which contract or security is determined in whole or in part by the price of one or more underlying instruments or markets.

Although derivatives are a relatively recent development in financial markets, their use by corporations, pension and mutual funds, financial institutions, governments and those involved in money management are clearly ascendant, according to the Federal Reserve and other federal agencies. The issue is not whether the government should ban or in some way restrict the prudent use of derivatives to hedge risk. Rather, the issue is one of disclosure, i.e., how best to provide increased transparency as our complex international financial system enters the 21st Century.

Three years ago I addressed the very same issue in Michigan by authoring state legislation that provided increased transparency by requiring units of government to disclose their derivative holdings to the public. Government units have to make investment decisions regarding the money they receive or retain; unfortunately, investment practices and decisions can sometimes lead to significant losses when taxdollars are unwisely invested in derivatives. Orange County in California and Independence Township in Oakland County, Michigan are both examples of government units that experienced significant losses as a result of the imprudent use of derivatives.

Initially, some of my colleagues wondered whether a ban or restriction on the use of derivatives would be preferable. But committee testimony soon convinced them that derivatives, although complex, are used by many institutions, including government pension

funds, to prudently hedge risk. Our five-bill package required public disclosure of derivative holdings by government units. The legislation garnered bi-partisan sponsorship and support, and ultimately became state law.

A related issue that we discussed privately at the time was whether the potential for moral hazard created by federal deposit insurance means private financial institutions should be required to disclose their derivative holdings in the interest of transparency. You are now likely to contemplate this issue yourselves given events surrounding the hedge fund in question, Long-Term Capital Management; and the potential for systemic risk posed by any future episode that might involve the imprudent use of derivatives and excessive amounts of leverage.

10TH ANNIVERSARY OF WCVE-FM

HON. TOM BLILEY

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1998

Mr. BLILEY. Mr. Speaker, it is my pleasure to honor WCVE-FM (88.9 FM), a public radio station in my home town of Richmond. The station celebrated its ten year anniversary this year. I was glad to be a part of the WCVE-FM's opening ten years ago and I am proud to honor the station today.

WCVE attracts 96,000 listeners per week. There's nothing else like it on the radio dial in central Virginia. Listeners can tune into a diverse selection of unique music and unduplicated programming including classical music, jazz, National Public Radio (NPR), news magazines, and specialty programming.

One of WCVE's unique programs is Gallery, a local production that highlights the wealth of fine arts and humanities activities in Richmond. Each week, Gallery features interviews with members of the museum, performing arts and literary communities. WCVE's broadcasts of the Virginia Opera and the Richmond Symphony performances provide Richmonders with a wonderful cultural opportunity. The performances are enhanced with in-depth interviews with symphony and opera personnel—adding context and a better understanding to the performances for all the listeners.

In addition to cultural offerings, the station provides a variety of public affairs programs. Every winter WCVE-FM airs daily state legislature reports from the State capital. Throughout the year the station records and broadcasts speeches delivered to the World Affairs Council of Greater Richmond. These programs feature comments from foreign policy decision makers from all over the world on current international policy issues.

Mr. Speaker, I recognize the valuable service WCVE has provided to the citizens of my community in the past 10 years. In the past decade it has established itself as central Virginia's fine arts radio station. I appreciate WCVE's thoughtful discussion on a wide range of serious issues affecting the city of Richmond, the state and the world. I congratulate Charlie Sydnor, President of Central Virginia Educational Telecommunications Corporation, and station manager Bill Miller. I wish WCVE continued success.