

first bracket. The first bracket is being enlarged. Everybody will benefit.

Admittedly, by focusing on these earlier tax brackets, the amount of relief, while the same for everybody, is more meaningful to middle-income families and lower-income families. This \$1,500 is the difference between, as I said, the house or not, the car or not, proper education or not. For some of our wealthier citizens, it will not have that great an impact. They would make a different kind of decision about it. It is fair because it is across the board and it affects the entire 15-percent tax bracket. That is good. I want to see us do more of this where we are lowering the tax rates for all taxpayers.

One of the things about which I have been most encouraged, because Americans pay vastly different percentages of income taxes—it has actually gotten to a very negative separation of our citizens. About 50 percent pay very few taxes, and the top 5 or 10 percent pay inordinate taxes. That can lead into all kinds of problems.

The good thing is, the American people, our culture, demand fairness. They really do. One can ask any American in our country, no matter the walk of life, their gender, or their racial background: What is a fair tax? It is always about the same. It doesn't matter where they come from or what their economic status is. They will say it should be about 25 percent. It should not be 50. Americans are essentially fair, and that is good. That gives us the ground upon which to correct some of these onerous bad policies that are in the Tax Code. This is one of them. This is the right thing to do, as I said the other day, and it is the right time to do it.

Mr. President, I yield back the remainder of time to the Senator from Texas.

Mrs. HUTCHISON. Mr. President, parliamentary inquiry: What is the time remaining on my 30 minutes?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mrs. HUTCHISON. Mr. President, I thank Senator COVERDELL for his remarks. He laid out the fairness question very well. I thank him for the leadership he has provided in trying to give tax relief to hard-working American families on several fronts. Of course, he was the leader helping people give their children extra education benefits. Unfortunately, that bill was vetoed last year by the President, and hopefully, having passed it again this year, the President will give that area of tax help to the hard-working families who want to send their children to college or who want to buy a computer for their child in elementary school. That has been led by Senator COVERDELL.

Certainly, Senator COVERDELL is now helping lead the effort on reduction of the marriage penalty tax because, of all the Tax Code inequities, this is the biggest. It affects the most people. It is the biggest tax cut that should be given. It is a fairness question.

If one is a policeman and making \$30,000 a year and marries a schoolteacher, why should they pay \$1,400 more in taxes just because they get married? There was no promotion, no bigger salary but the same salaries, two people, and they got married. They pay \$1,400 more a year in taxes. It hits the schoolteacher and the policeman the hardest.

It is the people making that \$25,000 to \$35,000 who get hit the hardest. Yet that is the couple trying to save to buy a home for their family or to upgrade a home or to buy the second car or to go on a family vacation. This is money that should not be spent by the Federal Government; it is money that should be spent by the people who earn it. That is the question today.

We are going to continue to debate the issue of the marriage penalty tax, and we will be testing people to see what their priorities are. Why would we continue to have this inequity in the Tax Code when we can fix it? We can fix it, and we are going to have the opportunity to do that the week people are beginning to pay their taxes. We are going to take this bill up the week of April 10, so that when people are filling out their tax forms, they can look at that standard deduction and say: My goodness, I am a married person and my standard deduction is \$7,350 and it should be \$8,800. If the bill that will be before the Senate on April 10 is passed, it will be \$8,800 next year, and this year will be the last year that a married couple has to pay more taxes because of the standard deduction inequity.

I thank the Presiding Officer, and I thank the Senator from Georgia. I urge my colleagues to look at this issue. Let's focus on doing away with this inequity as soon as we possibly can.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, has all time expired?

The PRESIDING OFFICER. All time has expired.

Mr. COVERDELL. It is my understanding, then, that there are 30 minutes now under the control of the Senator from Georgia.

The PRESIDING OFFICER. The Senator is correct. The Senator from Georgia is recognized for up to 30 minutes.

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THE WESTERN HEMISPHERE

Mr. COVERDELL. Mr. President, before I left the Foreign Relations Committee very recently and going to the Finance Committee, I was chairman of the Subcommittee on the Western Hemisphere. I will address the Senate this morning with regard to those responsibilities and to our hemisphere. I will suggest that we must reinvigorate our partnerships in this hemisphere as we begin a new century. If we work to nurture the political and the economic relationships among the nations of the Western Hemisphere, I am convinced that the next century will be the cen-

tury of the Americas—a time of unparalleled peace and prosperity.

The reason for my remarks, however, is that there are threats, serious threats, to the stability of the democracies in our hemisphere. We need to confront them together—neighbor helping neighbor.

There has been a great deal of discussion recently on deciding what event adequately defines the last century. Some would say victory over Hitler in World War II, or the fall of the Berlin Wall, the first man to walk on the Moon, or the invention of computers. You would make a good case for each one of these.

But I believe the history of the 20th century cannot be defined by one of these singularly remarkable achievements. The greatest development was not an event at all but a slow and steady march over time. For me, it was the spread of democracy around the world, a movement in which the United States played a leading role.

Consider the following: According to the Freedom House, of the 192 sovereign states in existence today, 119 are considered true democracies. In 1950, a date I referred to in the earlier debate, only 22 countries were democracies—22; today there are 119. This means that nearly 100 nations have made this incredible transition over this last half century. I witnessed much of this great transformation as Director of the U.S. Peace Corps under President Bush. Nowhere did I see more dramatic change than in our own backyard.

In 1981, 18 of the 33 nations in the hemisphere were under authoritarian rule. By the beginning of the 1990s, all but one—Cuba—had freely elected heads of state. It was the springtime of democracy.

In the new century ahead, we must nurture and protect this freedom around the world but with great attention on our own hemisphere. Our welfare is inextricably tied to that of our neighbors in the region. We share common geography, history, and culture. Together we possess unbound potential for regional economic prosperity.

To harness this potential, we must continue to extend political and economic freedom to the entire hemisphere. The stakes are very high. If we are successful, I am confident the 21st century will be remembered, as I said, as the century of the Americas. But if we neglect our responsibilities, we could realistically witness a balkanization of Latin America and a stagnation in our own economy.

The task is daunting, and becoming more so by the day. Freedom in the hemisphere remains fragile and uncertain.

Under the Clinton administration, we have failed to respond to the new challenges facing the region—allowing emerging threats to fester in places such as Colombia, Haiti, and Panama. As a result, some of the hard-fought victories for freedom in Latin America are weakened and in jeopardy.

Let me take a minute or two to focus on three core components of health in the Western Hemisphere. I mentioned a moment ago that there are serious threats to these new democracies. I also mentioned there is enormous potential in the hemisphere.

If you took the whole Western Hemisphere combined, it is the largest consumer base in the world. There is enormous potential here. Most people do not realize that trade in this hemisphere today is already larger than all of our trade in Europe, almost double our trade with the European Union. Trade in this hemisphere is significantly larger than our trade with the Pacific rim. If you were to ask most Americans, they would undoubtedly say our greatest trading partner would be Europe. It is third. The Western Hemisphere is first; the Pacific rim is second; and a long way back is the European Union.

That tells me where we have to be highly focused in the context of the health of the hemisphere. As I said, in the early 1990s, we could look across this area and see all these new democracies. But as we look today, after about 9 years of this wonderful achievement, there are some pretty serious issues on which we need to be focused, and we are not.

You see, for democracy to be successful, it has to be more than just an election of a head of state. For democracy to be successful, it has to have a sound judiciary; in other words, a way for disputes to be resolved peacefully and civilly.

This is incredibly important to trade and to relations between the countries. I will give you an example. Who is going to make an investment in a country for which there is no appropriate judiciary to resolve differences? Not many because you have put it at too high a risk. Investment does not go to high risk; it runs from it. Investment goes to security; it seeks it. In too many of our new democracies, we have not focused on helping build an appropriate judiciary.

Law enforcement: In many of these new countries, law enforcement had previously been the responsibility of the military. In Nicaragua, Honduras, many of these countries, in Guatemala, it was the military that established order. As we all know, that can be without due process. It can be orderly, but you better not cross it. You better not have a disagreement. In other words, you have a condition in which citizens or guests are not safe or could be threatened. Whenever that happens, you have a deterioration of economic mobility and stability. Investments move away from those kinds of situations, not to them.

Substantial progress has been made in each of the countries I mentioned to move to a civil form of law enforcement, but this is a daunting task. Look at Haiti today; with the investment that has been made, which is approaching \$3 billion, and an attempt by the

United Nations to train a civil law enforcement—not a military, a civil law enforcement—it just does not exist. Do we really believe there is a judicial process that would allow an investor to come in and put a high-stake investment in the country and if there were a dispute of some form between the government and that country or between two parties or a native Haitian and a foreign investor that there would be a competent, capable way for that dispute to be resolved? No. Therefore, the investments don't flow. When the investments don't flow, you have a deteriorating economy. When you have a deteriorating economy, then you begin to destabilize everything you have talked about in terms of democracies. They begin to wobble; they can disappear.

Today we have a President of one of the more significant countries of Latin America, Peru, who is flouting the constitution. The constitution says a President, as in the United States, may be elected President for two terms. That is not enough for Fujimori; he wants three. Push the constitution to the side; push freedom of the press to the side; ignore the fundamentals of fair elections. Does that remind you of democracy? Does that suggest that the institutions of democracy—constitutional law, civil law enforcement, a fair and sound judiciary—are in order? You would be hard-pressed to answer that question yes.

Venezuela has a new popular President who has essentially moved everything to the side and who shaped the government in his own view. The question is still out there, but those are not very encouraging signs. They are worrisome. Where is that all going to lead? Does that make people who believe in constitutional law, civil authority, comforted? Answer: No, it does not. I want to come back to this point, but we must remember that about 13 percent of our oil energy today comes from Venezuela.

Colombia: Colombia is in the middle of a raging war. CNN has not found it. There are more refugees in Colombia than there were in Kosovo. No one is speculating on the number of dead. It is 35,000 people. And an insurgency driven by narcotics—not ideology, narcotics—controls 30 to 40 percent of the country and is on the outskirts of Bogota. We and this administration have been talking about this old traditional republic that has been a great ally, supplying over 5 percent of our energy, and we have yet to get the assistance through this Congress. We have sent Ambassador Pickering, we have sent General McCaffrey, legislators, myself and others. We know we have to help protect that democracy that sits in the middle of Venezuela and Ecuador and Peru and Panama, the entire Andean region.

This is a reflection of our inability—and it is not just this administration, as a people—to understand how important our own backyard is. We tend to

get focused off someplace else. I am not saying those are not significant priorities, but for Heaven's sake, if it is at your back door, you better be paying attention. Bogota is a 3-hour flight from Miami.

Talking about Mexico and the enormous problems they have had, I admire their leadership. They are struggling. But as President Zedillo said to me: There is no threat to the security of the Republic of Mexico that matches the corruption and the intrusion of narcotics. He is surrounded by it.

So we have Colombia, Mexico, then Texas, New Mexico, Arizona, then Georgia and New York and Chicago, right at the back door. You have to open the door.

In Paraguay—knock on wood—constitutional law was protected because it was an example of people in the hemisphere paying attention. The Vice President of the country was assassinated, and it looked as if constitutional law was gone. I have deep memories of this. The people of Paraguay overthrew a dictator, Stroessner. I was at the first inauguration of a freely elected President. If you had seen the faces of these people who had accomplished freedom, everybody ought to go through that. Everybody should have that opportunity. If you told me at the time that within a handful of years it would come to the point where their Vice President was assassinated, and it looked as if it was all going to collapse, I wouldn't have believed you, but it almost happened.

The institutions that make a democracy really be a democracy are not in place, and we have lost a lot of time—too much time. The nefarious, evil nature of narcotics has intruded the entire hemisphere—all of it—and it is marching. Its ultimate goal leaves nothing but ruins behind it. It corrupts the institutions of democratic principle, and it is doing it in country after country—in our own backyard.

We have been celebrating—and this is my third point—enormous trade opportunities. In the nineties, we have experienced it all across the country, across the hemisphere; it is staggering. It helps build a new middle class; it brings economic prosperity to people who have never enjoyed it. As an example, I can remember years ago, in Guatemala, about all that was being raised was corn and beans for self-sustenance. Now, they are truck gardening in fruits, with huge markets for them. Who do you see in the fields? You see 18- and 20-year-old young Guatemalans with a great job, and you know where that leads because we are from America. We know what happens. They start becoming independent. They stop relying on government. They start thinking for themselves. That needs to be nurtured.

The trade opportunities are boundless, but we have been knotted up; we have been unable to expand these trade agreements. What is happening? Did you read the newspapers yesterday?

The European Union signed the treaty with Mexico, and Mexico is entering into treaties with Mercosur, the southern cone of South America, and we are tied up in a knot here. So we are inviting this huge economic base to become the customer of other regions of the world because we can't seem to get it together.

Now, I assume my time is nearing the end.

The PRESIDING OFFICER. The Senator has 7½ minutes remaining.

Mr. COVERDELL. My point is that a core component of new democracy in the world occurred right in our hemisphere. There was a marvelous achievement—to survive the institutions that make democracy work have to be put in place, and we have not done a good job on this. It has been sporadic, it is destabilizing, and we can see it. We have to now pick up a newspaper—Peru, Venezuela, Haiti, Colombia, and the list goes on.

No. 2, we have an enormous and powerful adversary in the narcotic cartels. They don't care about a single child anywhere, they don't care about any human life, and they do not care about any country. They are as evil a scourge as the world has ever seen. And they are fueling a criminal syndicate in the United States that is more powerful than anything with which we have ever dealt. Undoubtedly, somebody listening to this saw Godfather I and Godfather II—amateurs, rank amateurs compared to what we are dealing with. The economic opportunity is limitless, boundless, sitting right in our backyard, as I have said. Simply open a door. And we have let it get all frayed; we have not stayed attentive.

So, as I say, we can get focused in our own home if we can create, I call it a doctrine of the Americas, where all of us as neighbors demand certain standards, that they be upheld, and that constitutional law is a part of this hemisphere, that civil law enforcement is what we have grown to expect, and a fair judiciary must be in place. The Constitution cannot be just thrown across the desk and into a trash can. We all should be together demanding that kind of activity. If we will pay attention to this evil force and respond to it—not simply cover our eyes, but respond to it—we can keep it from doing enormous damage not only in the U.S. but across the hemisphere.

They are ruining governments. It will leave democracy in shambles. Mark my word. It must be confronted vigorously. It is a huge threat to our security. If we will pay attention to the trade opportunities and be vigorous about it, if we will do these three things, they will call this century the century of the Americas, and all of us will be rewarded tenfold in every country, and we will be an enormous force for world peace. Conversely, ignore all of these things and it will breed a problem and a trouble that will haunt us throughout the century.

I am for a century of the Americas. I get excited about it. I think we have

to, as a nation, make a step forward; we have to be bold and we have to pay attention.

Mr. President, I yield back whatever time remains. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Under the previous order, the Senator is recognized to speak for up to 60 minutes.

Mr. KENNEDY. I thank the Chair. I don't intend to take that amount of time.

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PRESCRIPTION DRUGS

Mr. KENNEDY. Mr. President, the Senate Finance Committee is today holding the second in a series of hearings on prescription drugs. It is the 14th hearing on Medicare reform and how we will deal with the challenges facing the Medicare system.

I had an opportunity to testify before the Finance Committee as did several of my colleagues. Both Republicans and Democrats are urging the Senate Finance Committee to take steps to provide important our senior citizens relief from the cost of prescription drugs. It is a national crisis. It affects seniors in New England, it affects seniors in the Southwest, it affects seniors all across this Nation. We have a responsibility to our seniors to address the issue this year. It would be inexcusable for us to have an adjournment without addressing the prescription drug crisis that is affecting the health, well-being, and livelihood of millions of senior citizens all across this Nation.

I want to take just a few moments of time to review exactly where we are in this challenge that is facing the Senate of the United States as an institution. The Budget Committee is meeting today to make recommendations on the issue of prescription drugs, and the Finance Committee has responsibility in examining why action is so important now.

The drug crisis for seniors is reflected in two important ways:

One, coverage is going down.

Those seniors who currently have drug coverage are seeing it evaporate. The costs being paid by those senior citizens with coverage are going through the roof.

This chart is a clear indication of the situation facing our senior citizens. There are approximately 35 million senior citizens receiving Medicare. Twelve million of these seniors have no prescription drug coverage whatsoever. This is almost one third of all senior citizens.

Almost another third—11 million—have employer-sponsored coverage through their former employers. They have coverage.

Then we have Medicare HMOs, which cover 3 million seniors; 4 million seniors purchase Medigap coverage that includes a limited drug benefit; 4 million seniors have coverage through Medicaid; and 3 million have coverage through the VA and other means.

This chart really tells the story. We have 12 million seniors on Medicare with no prescription drug coverage.

What about those seniors with employer-sponsored coverage? How reliable is that coverage for our senior citizens?

Look at this chart. There has been a 25% drop in firms offering retiree health coverage between 1994 and 1997, a 3-year period. A quarter of all persons receiving employer-sponsored retiree coverage have been dropped.

The rather ominous fact is that current coverage is declining in an even more dramatic way. More and more firms are unilaterally dropping prescription drug coverage from their retiree programs. The number of seniors who are in these employer-sponsored programs is going down dramatically.

Let's look at the 3 million who have coverage through Medicare HMOs. This year alone, more than 325,000 Medicare beneficiaries lost their HMO coverage. That is true in the western part of my State. It is true in Connecticut, it is true in many parts of New England and it is true in many other areas of the country.

We know the drug coverage is only an option under HMOs; Medicare HMOs are not required to provide drug coverage. Medicare HMOs are leaving the market, and those remaining are drastically reducing the level of drug coverage. Seventy-five percent of all seniors covered through Medicare HMOs have limited coverage—capped at less than \$1,000 this year. The number of plans with such limited coverage has doubled since 1998. Thirty-two percent have imposed caps of less than \$500, an increase of 50 percent since 1998.

On the one hand, many HMOs are dropping coverage. Those maintaining coverage are putting limitations on the dollar amounts they actually cover. In the last 2 years, 75 percent have unilaterally declared that they won't provide any coverage in excess of \$1,000, and 32 percent have limited coverage to \$500.

Here we have no coverage.

Here we have falling coverage.

Here we have collapsing coverage.

And now we look at the question of the Medigap.

Look at the situation with Medigap. To qualify for Medigap coverage that includes a drug benefit, one must get that coverage at the time they first enroll in Medicare.

This chart shows that drug coverage through Medigap is unaffordable. This is the sample premium for a 75-year-old: In Delaware, \$2,600; New York, \$1,900; in Iowa, \$2,000; in Maine, \$2,400; Mississippi, \$2,400.

Individuals have to apply for Medigap plans with drug coverage at the time they first qualify for Medicare; they