

the neighborhood of 42 percent of all poultry produced in the United States and the exports from my State of Georgia alone are about \$300 million a year.

It is a tremendous issue economically and one that impacts not only poultry but it has a spillover effect because as poultry prices continue to decline and supplies continue to build up domestically, it begins to affect the beef industry, the pork industry, the turkey industry, and, likewise, the grain producers who supply the feed that goes into feeding the poultry flocks. So it does have a very detrimental effect overall unless Russia is willing to make some changes and to live up to their trade agreements.

They have done that before. I believe it was in 1998 that Russia first imposed an embargo on American poultry. And as a result of that, it had tremendous economic impacts on the poultry industry in the United States. And the industry, even though it is heavily located in my State and in other southern States, it is an industry that employs people in 38 of our States. And half of the poultry exports of the United States are actually going to Russia. So when we see this import ban being placed by Russia, we know that it has long-term consequences.

Now, we also know that Russia wants some things from the international community. From the United States they want the repeal of the Jackson-Vanick statute. They also want admission into the World Trade Organization. All of these are issues that I think we are all willing to consider. But we expect them to do so as they approach international trade with a fair and even hand, and that is what we are asking.

#### LIFTING THE RUSSIAN POULTRY EMBARGO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. COLLINS) is recognized for 5 minutes.

Mr. COLLINS. Mr. Speaker, I appreciate what the gentleman has said and what he brings before the House here tonight about the embargo and how the Russians are holding up the shipment of poultry products from Georgia.

□ 2045

We all in Georgia have poultry plants within our districts, and I do have a letter I would like to submit to the RECORD, a letter that the delegation has sent to the President asking him to involve with the President of Russia on his visit later this week to talk about this very important issue because not only will it have an effect on the poultry business, but it will have an effect on trade between our two countries and could be negative, but it could also be turned into a positive position.

At this point, I will insert the letters into the RECORD.

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, May 17, 2002.

President GEORGE W. BUSH,  
The White House, Pennsylvania Ave.,  
Washington, DC.

DEAR PRESIDENT BUSH: We, the members of the Georgia Congressional delegation, appreciate your Administration's active engagement to restore U.S. poultry exports to Russia to normal, pre-embargo trade levels. Since there remain a number of hurdles in achieving this goal, we are writing to request your continued personal involvement so that this issue can be resolved as timely as possible.

With poultry contributing one-fourth of total U.S. exports to Russia, the severe trade disruption has exacerbated the trade imbalance Russia has with the United States. The disruption of poultry exports to Russia has caused U.S. chicken companies to experience a cost of over \$25 million per week in terms of lost sales opportunities overseas and depressed domestic prices for chicken. Further, the price impact has rippled to competing meats, such as pork and beef, because the chicken leg quarters originally destined for Russia are now competing with other meats in U.S. supermarkets. Corn and soybean farmers are beginning to feel the economic impact too, as chicken companies start to adjust their production plans in the wake of the depressed Russian market for U.S. poultry.

Georgia is the Nation's leading poultry state so the economic damage is being felt more severely than in many other states. Also, with much of Georgia's exports being shipped to Russia, the problem is compounded.

Of particular concern is Russia's demand that a new U.S./Russian veterinary agreement be negotiated and agreed-upon by June 29, 2002. Such a demand will be very difficult to meet for a number of reasons. On April 30, 2002, Russia proposed a new, revised veterinary agreement to replace the 1996 agreement. This version contains many unworkable provisions, such as prohibition against the feeding of genetically modified grains and oilseeds, banning of many FDA-approved antibiotics, and other so-called sanitary requirements that do not improve food safety but are, in fact, potential non-tariff trade barriers for U.S. poultry.

We are very concerned that Russia has not accepted the idea that international trade is a two-way path. Russia has a more than two to one favorable trade balance with the United States.

Sincerely,  
Jack Kingston, Johnny Isakson, John Linder, Charlie Norwood, Cynthia McKinney, John Lewis, Saxby Chambliss, Mac Collins, Bob Barr, Nathan Deal, Sanford Bishop, Members of Congress.

HOUSE OF REPRESENTATIVES,  
Washington, DC, May 13, 2002.

Hon. ROBERT B. ZOELLICK,  
U.S. Trade Representative, Department of State,  
Washington, DC.

DEAR AMBASSADOR ZOELLICK: I am writing today to express my concerns about the continuing ban by Russia on U.S. poultry and poultry products. The Russian government, despite an announcement that it was ending its embargo on April 15, 2002, is continuing to prevent U.S. poultry and poultry products from entering the country. According to some estimates, no U.S. poultry products have been imported into Russia since the announcement was made that the ban was being lifted. Also, at least 20,000 metric tons of U.S. poultry products, shipped before the embargo was announced on March 10, are

still at Russian ports waiting to be unloaded. This ongoing ban on U.S. poultry is costing producers in this country at least \$25 million dollars per week.

Sending \$308 million in poultry and poultry products abroad in 2000, Georgia is the leading exporter of poultry and poultry products in the United States. On behalf of the growers and 18,000 employees who process chicken in Georgia, I request that you contact the Russian government and urge them to quickly end this de facto embargo of U.S. poultry.

I appreciate your on going efforts to ensure fair trade practices and international market access for U.S. products.

Sincerely,

MAC COLLINS,  
Member of Congress.

GEORGIA POULTRY FEDERATION,  
Gainesville, GA, May 15, 2002.

Hon. MAC COLLINS,  
Member of Congress, Longworth House Office  
Bldg., Washington, DC.

DEAR CONGRESSMAN: On Monday, Congressman Jack Kingston volunteered to coordinate a Georgia delegation letter to the President and other key officials about the Russian situation and we were very appreciative of this.

Russia continues to ban U.S. exports of poultry through various unreasonable trade demands. This unfair situation is having a tremendous impact on the poultry industry in Georgia and if not reversed will have a serious impact on all agriculture in our State and Nation.

As mentioned before, even with full poultry exports, Russia ships produces valued at \$6.5 billion to the U.S. while receiving goods valued at only \$2.7 million from the U.S. This 2.4 times ratio is not good for the U.S. balance of payments or for poultry and agriculture. It is a very dangerous trend.

We hope that you will join with Congressman Kingston and others and sign this very important letter.

Sincerely yours,

ABIT MASSEY.

#### MEDICARE PRESCRIPTION DRUG BENEFIT

The SPEAKER pro tempore (Mr. ISSA). Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I would like to take the time this evening during this special order to discuss the need for a Medicare prescription drug benefit.

Mr. Speaker, I have been to the floor many times in the last few weeks, within the last few months, concentrating on the need for a Medicare prescription drug benefit, and the reason I say that is because I get more and more calls every day, every week, every month from my constituents, my senior constituents, complaining about the cost of prescription drugs, the inadequacy of Medicare or whatever kind of health insurance they have to cover prescription drugs, because Medicare generally does not provide for a prescription drug benefit, and most seniors do not have it through any kind of other supplemental health insurance that they might have.

The need for an affordable, adequate prescription drug coverage, in my opinion, continues to grow, and I am very

concerned about the failure of the Republican leadership in this House to address this concern in any meaningful way.

The House Republican leadership presented itself to the media a few weeks ago in a way that would suggest that they intended to bring up a prescription drug proposal. In fact, they promised to mark up the legislation in committee last week and to have it on the floor of the House by Memorial Day, by the Memorial Day recess, which most likely will begin this Thursday or Friday.

Obviously, the time has come, and once again promises have come and gone unfulfilled. I do not hear anything from the House Republican leadership about addressing or bringing up a prescription drug proposal this week. The legislation that has been announced for the floor this week is the supplemental appropriations bill, bioterrorism conference, a few other suspensions, but no mention of prescription drugs, even though it was much heralded just a few weeks ago.

It makes me believe that the Republican leadership does not want to even address this issue, but what concerns me even more is that when they do talk about it, and again, they are not talking about it much right now, what they seem to be planning to introduce is a proposal that they claim is under Medicare and that will cover all seniors but, in reality, is not under Medicare. It covers very few seniors and is administered in a way to give money to private insurance companies in the hope that they will insure seniors, and I do not think that will ever happen. I do not think that will ever occur.

Based on what I know about the GOP prescription drug proposal that was discussed, not in any detail a couple of weeks ago, but what was discussed at a press conference, I think that there is very little likelihood that their proposal would provide any kind of meaningful relief in terms of prescription drug coverage for most of the 30 million seniors who have no prescription drug coverage.

It appears that what they have in mind is trying to provide a benefit for very low income seniors, maybe about 6 percent of the seniors, but even if that were to be the case, even if they did try to pass such a bill, I think because of the way they go about it, as I said before, in just trying to throw some money to private insurance companies and hoping that they will take care of these very low income seniors is not likely to even help those very low income seniors that maybe they are trying to help.

The problem is that when my colleagues talk about privatization, when they talk about trying to give money to insurance companies so that they offer a drug-only, a prescription drug policy, most of the health insurance companies will tell us that they do not want to provide that type of coverage. In other words, they tend to provide

coverage that is more broad-based, not just for prescription drugs, and we even had representatives of the Health Insurance Association of America testify before the Committee on Energy and Commerce and the Committee on Ways and Means in the last session of Congress when the Republican leadership tried to bring up a similar type of privatized drug-only policy for seniors. We even had the representatives of the Health Insurance Association of America say that they wanted nothing to do with this kind of a proposal.

What I would like to explain in a little bit of detail, if I could, is that right now when someone has Medicare, Medicare covers every senior, about 40 million seniors, and they have their hospitalization covered in Part A. They have their doctor bills covered in Part B if they choose to participate. They pay a premium of maybe \$44, \$45 a month for their doctor bills and 80 percent of their doctor bills are paid for by Medicare but they can go to any doctor if they are in a traditional program. If they are not in an HMO, they do not have to go any HMO, they can go to any doctor, and 80 percent of the doctor's care is covered.

What the Democrats have been saying is that the easiest way to expand Medicare or to provide a prescription drug benefit is to simply expand Medicare and add another part, maybe call it Part C to Medicare and use Part B for their doctor's care. As an example, in other words, have a very low premium that they pay per month, \$25, \$30, \$40, then say that the Federal Government will pay, if they use Part B, as an example, about 80 percent of the cost of their prescription drug coverage, very low deductible, very low copayment, just like Part B, and all seniors get a prescription drug benefit, and most of it is paid for by the Federal Government.

It is a very simple concept. It is what Medicare does now, as I said, with doctor bills, but what we are finding is that the Republicans do not like that. They never liked Medicare from the beginning. When Medicare was passed back in the 1960s, most of the Republican Members of the House then voted against it, and I think from an ideological, rather than a practical perspective, most of the people, most of the Members who were in the leadership of the Republican party do not like Medicare. So they do not want to expand Medicare, a program they do not like in order to cover prescription drugs, and give all seniors a guaranteed prescription drug benefit. Instead, they are trying, through their ideological mischief, to come up with some kind of program outside of Medicare where they would throw money to private insurance companies and hope that they will be able to provide policies for low income seniors.

The problem is it does not work, and last week, Mr. Speaker, there was a report that was put out by Families USA, which is one of the senior organiza-

tions that is the biggest advocate for a prescription drug benefit under Medicare, and I am not going to read the whole report, but I just wanted to run through sort of a summary of what it said about trying to cover prescription drugs through private insurance or through privatization.

I am reading from the report from last week. It says, "The report is failing America's seniors. Private health plans provide inadequate Rx drug coverage. The United States House of Representatives will soon consider legislation to provide prescription drug coverage for America's seniors. The proposal that will be considered, developed by Republican Ways and Means Committee Chairman William Thomas, relies on private health insurance companies to provide drug coverage and to bear the financial risk entailed. Insurance companies will be expected to offer drug only insurance policies that cover no other health services."

"In its reliance on the private sector to provide coverage, the pending bill is similar to H.R. 4680, the Medicare Rx 2000 Act which passed the House of Representatives on a partisan basis during the last Congress. At that time when H.R. 4860 was being considered, the insurance industry, acting through the Health Insurance Association of America, made clear that it had no intention of offering drug-only policies."

"The industry reasoned that drug-only insurance policies would be subject to adverse risk selection, that is, they would disproportionately attract consumers who have existing health conditions or are sick or disabled. As a result, the policies would be very expensive and would have few takers among younger, healthier Medicare beneficiaries."

I do not want to go through the whole thing, but I want to read a little more here. It says, "The reliance on drug-only policies is not the only troubling feature of the pending Republican proposal. In the traditional Medicare program, beneficiaries can count on a uniform benefit no matter where they live."

"As the following analysis demonstrates, relying on private insurance companies to deliver drug coverage for Medicare beneficiaries, rather than incorporating a drug benefit into the Medicare program, virtually guarantees that coverage will be uneven in availability, cost and value."

Now, the last point that this Families USA report makes is that the problem with privatization in terms of providing drugs already exists when we look at the Medicare Plus choice, the HMO program, under Medicare. It says in the report, "This unevenness is common both in the Medicare Plus choice program under which HMOs offer Medicare coverage, often with some drug coverage, and in medigap policies which provide supplemental coverage for seniors. Experience under Medicare Plus choice and medigap policies shows that those that offer prescription drugs

are very expensive, are not always available and, when available, offer vastly different coverage in their costs from one geographic area to another. In addition, the coverage diminishes and the prices increase significantly over time. Because of these limitations, such private insurance policies provide an unreliable mechanism for delivering much-needed prescription drug coverage to America's seniors."

There is a whole report, Mr. Speaker, about 20 pages here, where they have done an in-depth survey to show why the privatization does not work. Yet we hear the Republicans talk about it like it is the panacea for tomorrow and for all the problems that seniors have with prescription drugs.

I do not understand where the Republicans are coming from other than that ideologically they are in some sort of straitjacket that determines that they cannot add a Medicare benefit because of some right-wing ideology against government.

I see that one of my colleagues is here who has been out in front on this issue, particularly on the rising cost of prescription drugs which I have not even mentioned so far tonight. So I would yield to the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentleman from Maine.

Mr. ALLEN. Mr. Speaker, I thank the gentleman for yielding. I was interested in what he was saying.

We are going to see sometime eventually here over the next week or two or three the unveiling of a Republican prescription drug benefit plan. It will be dressed up. It will be described as a Medicare prescription drug benefit, but it will not be real. That will be the paint, that will be the veneer, that will be the cover, but it will not be real, and it will not be real for a couple of reasons.

First, as my colleague mentioned, the Republican plans that we have heard of so far are plans which say to the American public, we are going to tell my colleagues here is the plan, these will be the benefits, and this will be the cost. Of course, we are not going to provide it to seniors, they will not be able to get it through Medicare; we are going to rely on private insurance companies to come in and offer seniors these benefits at this cost.

In the true private sector, those decisions about benefits and costs are made by private insurance companies. They are made by the private sector, but the Republican prescription drug plan will basically say here they are and now we put all our faith in the insurance industry to come in and give seniors these benefits at that cost. That is the first problem.

It is not the real world, and as my colleague pointed out so well, this is great theater down here in Washington right now. We have the two biggest lobbies in this city, the pharmaceutical

industry and the health insurance industry. The pharmaceutical industry says what we need to do is rely on the health insurance industry. They will provide people with stand-alone prescription drug coverage.

□ 2100

And the health insurance industry says, well, we really do not want to do that. And the response of the House Republicans is, well, we think you will if we just pass this plan. And it will never happen.

Back in Maine, I say over and over again to people, you know, if 85 percent of the people in Maine filed a claim for flood insurance every year, you would not be able to buy flood insurance in Maine at any price. But 85 percent of our seniors use prescription drugs, and it just is not possible for insurance companies that have 20 percent overhead and profit that they have to earn, it is not possible for them to provide prescription drug coverage to seniors at a price lower than Medicare could provide.

What we are working on is a real prescription drug plan, a Medicare prescription drug plan, a plan that will provide a benefit that is generous enough to attract everyone, get everyone into the pot. Medicare's overhead is generally around 2 or 3 percent, not 20 percent, because they do not pay huge salaries to their executives and they do not have the same kind of overhead. That is the kind of efficient plan that we really, I think, need to pass. But I do not think we will see it coming out of the Republican majority right now.

The gentleman from New Jersey was talking not so long ago about the issue of price. Here is another case. If you want to have an affordable prescription drug benefit, and by that I mean affordable to seniors on the one hand and affordable to the Federal Government on the other, you have to contain price. As the gentleman knows, I have a bill that would reduce prescription drug prices for seniors by about 35 percent simply by saying we will not let you charge our seniors more than you charge people in Britain, in France, in Germany, in Italy, in Canada, and Japan. That is it, end of story. 35 percent average discount.

Every time this comes up, the House majority, the Republicans, or the pharmaceutical industry will stand up and say you cannot do that. If we have discounts of that size, then we will not be able to do research and development anymore. We will not be able to develop new drugs, and people in this country will not be able to get the medicines that they need. And yet these companies have just started promoting their discount cards. And what do they say the discount will be? Oh, 25 to 40 percent.

One company is out there with a card for a significant percentage of Medicare beneficiaries; and they are saying to that group, we will charge you \$15 a

month for all of our drugs. For any of our drugs, \$15 a month. Now, the average cost of those drugs right now at the pharmacy is \$61 or \$62. They are not talking about a 35 percent discount, they are talking about a huge discount, from roughly \$61, \$62 to \$15 for all their drugs.

Now, it turns out that, according to them, that discount will not affect the bottom line. That discount will not affect their research and development. But here is this discount card, here is another discount card. What are we really talk about here?

The bottom line is this, and then I will yield back to the gentleman, the bottom line is that if we are to contain drug prices for our seniors, all of whom are in a Federal health care plan called Medicare, if we are to do that, Medicare has to have the negotiating power to drive down price for the benefit of our seniors and for the benefit of our taxpayers. That is what we need to do. And if we do that, we can have the kind of Medicare prescription drug benefit that will not be just a veneer, just a sort of painting, something that will never happen in the real world; but it will be something that will be of great benefit to all Medicare beneficiaries.

At some point here I think what we will hear from the other side is smoke and mirrors and surface, anything to avoid a confrontation with the pharmaceutical industry. But, frankly, we cannot help our seniors without doing something that the pharmaceutical industry will not like.

Mr. PALLONE. Well, I want to thank my colleague from Maine. I am so glad the gentleman constantly brings up the cost issue, because I think it really is the key. The bottom line is, when my constituents are calling, and they do not even have to be seniors, and they are complaining about their inability to get prescription drugs, it is because of the cost. The cost is the main issue. I think if anyone around here, on the Republican or Democrat side of the aisle, thinks that we are going to be able to address this issue in a meaningful way without reducing costs, they are from another planet.

As the gentleman knows, in putting together a benefit under Medicare, which we as Democrats want, we have to be mindful of how much it is going to cost. If you do not find some way for the Secretary of Health and Human Services or the government in general to reduce cost, then the price of the benefit will skyrocket. It has to be an important part of this; otherwise we are kidding ourselves in saying we are going to provide a meaningful benefit.

The Republicans have just totally ignored this. Again, they have the press conference in the same way that they say, oh, this is going to be a Medicare benefit, and then we find out it is not; in the same way they say everyone is going to get this benefit, and then we find out it is not, it is maybe just a few low-income people; and then they say, oh, and we are going to lower cost, and there is nothing in it to lower cost.

The only thing we have seen so far, which the gentleman has mentioned, was President Bush's pronouncement about the drug discount cards. And that is a sham, first of all, because they are already available. On closer reflection, when asked by some reporters about what the government was going to do, the President actually said we are going to promote the existing cards. He was not proposing some new program or new benefit, just promotion of what drug companies already offer. So what is there? There is nothing. The government is doing nothing.

I guess he announced this about a year ago, this discount card promotion; and at that point he said, well, this is just an interim measure until we come up with a prescription drug benefit. But now, when the Republicans talk about cost, they talk about the discount card only. So the interim measure, which was nothing, has now become their permanent solution to cost. And, obviously, it is no solution at all.

There are many ways of going about the cost, and I would just like to address a few of them. I think the gentleman's bill is great, and I have cosponsored it, and I think now the gentleman links it, he said, to the cost in other developed countries. Is that how it is done?

Mr. ALLEN. Basically, it works the way other companies hold down the cost to their citizens. It is really simple. It would allow pharmacies to buy drugs for Medicare beneficiaries at what is called the average foreign price. That is defined in the bill to be the price at which that drug can be purchased in Britain, in France, Germany, Italy, Canada and Japan, the rest of the G-7 countries, industrialized countries.

It would obviously hold down costs, because in those countries the average foreign price for any particular drug is typically about \$60, \$63 or \$64 compared to \$100 a month here. So it is about a 35 to 40 percent reduction that we would be talking about.

Mr. PALLONE. And the fact of the matter is, and the thing that really bothers me, and the gentleman is in Maine so he really sees it, and those in Michigan and other border States with Canada, you see people taking buses on a regular basis to go to Canada to buy the drugs at a significant reduction. It is outrageous they have to do that.

My understanding is that in some of the border States, like Maine, that is routine. People take a bus once a month or whatever.

Mr. ALLEN. If the gentleman will continue to yield, in my office we are helping people all the time purchase their drugs at discount, and there are ways to purchase drugs through a Canadian physician and get that help.

But let me tell my colleague about the last bus trip that seniors took to Canada from Maine. It was a few months ago. There were 25 seniors on this trip. Twenty-five. They went over the border. They checked in with a Ca-

nadian doctor. They got their prescriptions written, and they went to the pharmacy and came back. Those 25 people saved \$16,000 on their prescription drugs; \$16,000 for 25 people in one bus trip.

Let us talk about one important drug, Tamoxifen. Tamoxifen, as the gentleman knows, for 15 or 16 years has been the standard accepted treatment for breast cancer in this country. Well, in Maine, as in I assume most of the United States, if someone does not have health insurance, a month's supply of Tamoxifen is about \$112, \$114. In Canada, it is \$13 or \$14. There is a ten-to-one differential. Now, that is greater than the average of other drugs, but it gives us some indication.

Here are people out there fighting for their lives, needing Tamoxifen in order to get by, low-income people, middle-income people; and they have to worry about how on Earth they are going to pay for their drugs.

I heard a story the other day, an older couple in Maine, both of them have significant drug expenses, so what do they do? How do they manage to both eat and pay the bills and then purchase their prescription drugs? Well, one month he takes his medicine and she does not. The next month she takes her medicine and he does not. There is not a doctor on the planet that thinks that is the way you should manage your prescription drugs. But they have no choice.

I have talked to people who are basically slowly sliding into bankruptcy because of the cost of their prescription drugs. Through my office, we do everything we can for them, but what they need is what working Americans have. Working Americans who have health insurance typically have prescription drug coverage through their health insurer. For seniors, the health insurer is Medicare. And yet, on the Republican side of the aisle, the thought of strengthening Medicare, strengthening Medicare, because it is a Federal Government program, the thought of strengthening it to provide a significant additional benefit seems to be something they just cannot abide. So they try to find out how possibly the private sector could do something that they cannot possibly do as efficiently as Medicare itself.

Mr. PALLONE. It is an ideological problem, I am convinced of that. They have a problem with Medicare because it is a government-run program, and they do not believe in government-run programs.

I always say that when you come down here you cannot be that ideological. You have to be practical about what works, and Medicare works. So we should expand it to include prescription drugs.

I hate to say this, and I do not want to cast aspersions, but at least in Maine there is an option to go someplace. If you are in New Jersey, it is too far. And I think that is the unfortunate part of this. We are looking at

these options, but they are not options really for most people.

The gentleman's bill is great, and I certainly support it and would love to see it enacted, but there are many other ways we could reduce costs that the Republicans have essentially rejected. Obviously, if you have a Medicare benefit, and all 39 or 40 million American seniors are in that program, that gives the Department of Health and Human Services tremendous bargaining power, like we do with the VA or like we do with the military hospitals; and they should be able to negotiate prices that would bring costs down.

There are other things. I know that my colleague, the gentleman from Ohio (Mr. BROWN), has a bill with regard to generics to try to encourage generics, which is another way of bringing costs down. But we do not see that happening. Republicans do not like that too much. Some do, but the leadership does not, so we do not see anything on that.

In the other body a couple of weeks ago, one of our former House Members, the gentlewoman from Michigan (Mrs. STABENOW), introduced a bill, which I will introduce in the House, which basically says you cannot get any tax credit or deduction on your advertising expenses. In other words, as the gentleman said before, most of the pharmaceuticals say, well, we need to drive up prices in the U.S. because you are paying for the research.

Well, I do not know if I agree with that. I do not know why we should be paying for all the research here in the United States and no one else does in these other countries. But right now they are mixing the advertising cost and the research, and they are getting some kind of tax deduction or credit for it; and there is absolutely no reason why they should get that kind of credit or deduction on the advertising portion, which I think is a huge part of it. So her bill says that you cannot get the tax credit or the deduction on the advertising.

There are so many ways to reduce costs, but so far we cannot even get the bill in committee at this point. We cannot even get a markup on the bill, so they are not even considering some of these cost measures.

□ 2115

Mr. ALLEN. I am glad the gentleman brought up the question of TV advertising. A few months ago the Kaiser Foundation came out with a study. They looked at the difference in cost, the difference in spending on prescription drugs in the year 2000 as compared to the year 1999, just that 1-year differential. They found a 20 percent increase in expenditures on prescription drugs. Then they started looking more closely at particular drugs. They surveyed almost 10,000 drugs and looked at the price increases and increased spending on prescription drugs. They found that half of that 20-percent increase was related to just 50 drugs.

Fifty drugs accounted for half of the increase. They were the 50 drugs that were most heavily advertised. Those were the drugs that were on television all the time. So half of the increased expenditure came with 50 drugs and the other half of the increased expenditure came with 9,950 drugs. Fifty drugs over here; 9,950 drugs over here. Each of those accounted for half of the increased expenditure.

There is no question that pharmaceutical spending on advertising is driving up the cost of prescription drugs in this country at an alarming rate. That is why they do it. Let us face it. That is why they do this heavy advertising. Part of the problem has nothing to do with Medicare. Part of it has to do with our businesses. Health care costs for small businesses and large businesses in this country are skyrocketing. We have got small businessmen and women in Maine who just cannot abide 20 percent, 30 percent, 40 percent increases this year. I have been talking to them. I have got a piece of legislation that I think would help. But that kind of increase is going to drive the small business community out of small business entirely if we are not really careful. One of the major drivers is the high cost of prescription drugs and one of the drivers for that, it is not really research. It is really the advertising.

Look, the pharmaceutical industry has to maximize the bottom line. God bless them, that is the American way. There is nothing wrong with that. What is wrong is for government to sit back and do nothing to protect our consumers from inflated prices. This is not a free market. This is a case where we provide money, tax credits. We do half of the basic research through the National Institutes of Health for the development of new drugs. Then we provide a research and experimentation tax credit to encourage the development of new drugs. Through that mechanism, the pharmaceutical industry winds up paying one of the lowest taxes as an industry in the country. Yet they are the most profitable industry. And we do not do a thing. We give extended lengths of time in the patents.

This is not about them. This is a good industry. They make a good product. But the Federal Government has fallen down. We have not protected our people. That is why we need a Democratic prescription drug benefit, one that works through Medicare, that covers everyone, that provides a generous enough form of coverage so everyone will sign up. If we do that, we will finally, I think, get this problem of our seniors and ultimately of the business community as well, start to get this problem of health care costs under control. I get a little wound up about this.

Mr. PALLONE. I appreciate it. I am amazed how people do not even know about generics. We know, for example, when we talk about generics that in many cases, probably in most cases,

there is a generic alternative to some of the name-brand drugs; but the problem is that people, physicians and seniors just get hit and bombarded with all this advertising, they do not even have any education about generics, they do not even know whether there is an equivalent, the fact that it is just as good, they have no knowledge whatsoever.

Then, as you say, you get the companies coming in trying to extend the patents and using all kinds of gimmicks to prevent the generics from even coming to market, using procedural tactics and lawsuits and everything else half the time; and if that does not work, then they invite a Member of Congress to sponsor a private bill to just extend the patent. There is getting to be less of that because it has been brought out into the light; but for years that was happening on a regular basis, and it is probably still happening.

But I think the ultimate irony is that they get some kind of a tax break for the advertising. Here they are, convincing people that this is the only alternative, which is not true; and then they get to take some sort of a tax break to pay for the advertising. It is unbelievable.

If I could maybe just conclude, and the gentleman may want to join me on this, I just wanted to explain again what we have in mind as a Democratic alternative, because I spent a lot of time criticizing what I think the Republican plan is going to be, and my biggest concern is that they have not unveiled it and they have not moved on it. Maybe I will get criticized for saying this, but the way they have handled themselves in the last 2 weeks in promising that they were going to come out with this, and then promising it was going to come to committee and promising it was going to be on the floor before the Memorial Day recess and all of a sudden there is quiet and a big hush, I have not heard anything for a week and the Memorial Day recess is in a couple of days. I am beginning to think they are never going to bring this up in this session of Congress, between now and the end of this session. I hope I am wrong.

Mr. ALLEN. We should be so lucky and the American people should be so lucky. We would be better off if we got a real plan. There is no reason to put up a plan which is just a shell, the kind of plan which is going to be supposedly funded or operated by an insurance industry that does not want to do it; that purports to cover everyone, but in fact will only make economic sense for people at the lower-income levels and at the end of the day will not be a Medicare prescription drug benefit at all. It will be some sort of shell of a benefit. Many of the proposals seem to be saying that one way to pay for this is to drag money out of other health care providers. But the doctors and the home health care agencies, they cannot keep going.

When you really think this through, it is worth remembering a little bit of history. The reason in 1965 that Medicare was created was because the private insurance market would not cover people who were older and sicker than the general population, people over 65. In 1965, half of all seniors in this country had no hospital coverage. It was the trip to the hospital and surgery that would drive people into bankruptcy. That is still true today for people who do not have health insurance. But our seniors have it. They have Medicare. The problem, of course, is they do not have the kinds of prescription drug coverage they need. Almost 40 years ago, the answer of the Republican Party, the position of the Republican Party, is that somehow the private sector will provide; and that is still the same answer today. But if you look at the Medicare+Choice, managed care under Medicare, that is not working. That is not working. It costs more according to the GAO to fund Medicare+Choice, Medicare managed care plans, than it does clunky old ordinary Medicare.

And what are we talking about here? The way to do real Medicare reform is to provide seniors with a Medicare benefit that they need, not to try to go back to pre-1965 times when it was the insurance companies, that we are going to rely on insurance companies to provide health insurance and prescription drug coverage to a population that they did not want to cover then and do not want to cover now.

Mr. FRANK. If the gentleman will yield, I appreciate the leadership, Mr. Speaker, that both of my colleagues from New Jersey and Maine have shown on this issue, but I do not want us to appear too partisan. I do want to acknowledge that the Republican Party, the President, Members of this body, have not been totally neglectful of the health problems of older people. The difficulty is that they really have so far only tried to deal with the health problems after they are quite severe, in fact, after they are fatal.

So far, what we have to deal with the problems of elderly people who are severely ill is a total repeal of the estate tax. Now we are told that we cannot afford to have a Medicare drug prescription benefit because there is no room for it in the Republican budget. One of the things that crowded it out was the ability of an older person worth \$47 million to die and have the heirs who inherit this pay no tax at all. Obviously, older people who have died have had severe health problems; and it is not as if, as I said, the Republicans have ignored them. They have chosen, however, to focus all of the financial relief on those people who were elderly and quite wealthy who died, and that has left us no money for the people who were middle class and sick.

So we do not want to suggest that there was no concern whatsoever. If, in fact, we would have adopted a plan that, for example, exempted the first \$5

million of someone's estate from taxation and put a reasonable level of graduated taxation above that, we would have, as my colleagues know, a significantly larger amount of money. And simply doing a reasonable reform of the estate tax rather than a total repeal would free up this money so you could have a meaningful prescription drug program.

So we are deciding at what stage in the illness cycle to intervene. I think this is a case where our Republican colleagues have waited far too long, literally after people have unfortunately passed away, and they have taken that money and that is the money that could have been used to make a prescription drug benefit a significant one.

Mr. PALLONE. That is a good point. I think it also dovetails with what my colleague from Maine said before, and one of the reasons I believe why the Republicans are having difficulty coming up with a plan and probably have postponed this at least until after Memorial Day if not indefinitely is because they have insisted that if they are going to pay for it, they have to take money from other parts of Medicare, in other words, cut back on the amount of money that goes to hospitals, cut back on payments to doctors. They cannot do those things, practically speaking, because hospitals will close, doctors will simply close the door and they have put themselves in this financial box, if you will, that has made it impossible for them to offer any kind of generous plan the way the Democrats feel we need to have it.

Before we close tonight, I think we should talk a little bit about what the Democrats have in mind.

Mr. ALLEN. Before the gentleman describes the Democratic plan, and I know he wants to do that, but the gentleman from Massachusetts made a good point and I cannot resist going back to it for a moment, because back in the campaign for President, the current President said during a time of great economic prosperity that what this country needed was a huge tax cut. He said, "It's not the government's money. It's your money." Eventually, 5 months after he was put in office, the tax cut went through. Of course by the time the tax cut went through, we were slipping into a recession. And then the argument was not that the tax cut will not overstimulate the economy, it was that the tax cut will help stimulate the economy. So whether we were talking in times of prosperity and budget surpluses or whether we are talking about a time of a bit of a recession and budget deficits, in any case the solution is always the same, "What we really need is a tax cut." I should have brought down my chart that I have got here, but it is remarkable. The gentleman from Massachusetts was talking about the benefits to someone who dies with millions and millions and millions of dollars from that estate tax. The Republican majority was down here recently saying, We have got to make

this tax cut permanent. That is what is needed for this economy.

When you look at the numbers, which they will not show you, but when you look at the numbers, here is what it shows: the bottom 60 percent of people in this country in terms of income run from \$44,000 on down. Sixty percent of the entire country comes from households of \$44,000 or less. From the tax cuts that have been passed but not implemented, that group will get an average annual tax cut of \$104. \$104. When you look at the top 1 percent, the people in this country who earn over \$370,000 a year, the top 1 percent in income, they will get from tax cuts passed but not yet implemented an average annual tax cut of \$50,000.

In other words, the tax cuts that the Republican majority is rushing to make permanent, if they can, those tax cuts will give a tax cut on an annual basis to people earning over \$370,000 a year. They will get a tax cut that is more than roughly 60 percent of the people in this country even earn in a year. That is somehow described as a notion of fairness. But if we are going to do that, if that is a higher priority than making sure that seniors struggling to get by on 20 or \$25,000 a year, struggling to pay for their prescription drugs, if tax cuts for those wealthy people are more important than prescription drugs, I have to say that is a value system I do not understand.

I am actually anxious to hear the gentleman's description of the Democratic plan which is a real plan, a real Medicare prescription drug plan for seniors.

Mr. PALLONE. I think that what we need to point out is that we are talking about expanding Medicare to include a prescription drug benefit for all seniors because, practically speaking, we know that Medicare works. The reason this works is it makes sense. If you take the 39 or 40 million seniors that now are eligible for Medicare, all seniors are eligible for Medicare, and you make a huge pool that includes all these seniors, then it basically goes along with the whole idea of insurance. In other words, the idea with insurance policies is to have as many people participate in the plan as possible because then those who run up huge costs are in it, but those who spend very little if anything on drug costs are also in it.

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That evens the cost. We know that the Republicans have boxed us in, so to speak, in terms of the financing of this.

But if you think about it from a practical sense, the best thing to do is to pool all the people, which is really what Medicare is all about. The Republican proposal, which says give a little money to private insurance companies and hope that they will attract some low-income seniors to this benefit, does not make sense, and the insurance companies have said it, because the only people that will seek out that option will be people who have huge drug

costs and who figure by paying so much a month, or whatever, they are going to get a huge windfall in terms of their drug benefit.

If you do what the Democrats are proposing, which is to analogize our proposal to Part B, where you pay a very low premium per month, I don't know if it will be \$25, \$35, \$40 a month, you get 80 percent under Part B of your doctor bills paid for by the Federal Government, the deductible, I think, is \$100, and, of course, the copay is the other 20 percent that the Federal Government is not paying, then you are going to create an incentive for almost every senior to join. I do not know what the percentage is, but it is something like 90-something percent of seniors pay the premium and join Part B, because it is worth doing.

So if you have the same phenomena, where you have a very low premium and you get 90-something percent of the seniors to participate in this Part C or Part D Medicare benefit, you have created this huge pool, which I think from a financing point of view makes sense. That is what the insurance pool is all about.

Then you go ahead and you say through some way, either you give the Secretary of Health and Human Services the authority to negotiate prices, I do not know if you do something like what the gentleman is proposing, or just give a negotiation ability with a mandate to reduce prices, he or she is going to have the ability to go out with the 40 million seniors and really get a good deal, presumably because he has such bargaining power. So we are trying to address the costs by giving the Secretary that power.

We are trying to come up with a guaranteed Medicare benefit that everyone would be able to take advantage of, which is generous enough for people so that they would sign up for it, so that you would have everyone participate in it, and I have no doubt it would be as successful as what we have under Medicare now with Parts A and B.

The one thing I would say, because sometimes people say what about the seniors who cannot afford the premium, the Democrats would do the same thing we do with Part B. If you are below a certain income, then the Government pays for your premium, or if you are a little better off, you have to pay a little less than the average premium and the Government subsidizes your premium. Those people would have the advantage now, as they do with Part B.

Mr. ALLEN. Could the gentleman describe the catastrophic coverage.

Mr. PALLONE. The catastrophic would also be very low. I will not get into the details, but you have to have a very low catastrophic figure, too. In other words, above a certain point, whether it be \$2,000 or \$3,000, whatever it is, if your out-of-pocket expenses exceed that, then all your costs would be paid for by the Federal Government. That should be fairly low as well, if it is going to be meaningful, I would say.



Again, this is not rocket science here. We are just basically talking about what we already have for your hospital bills, and we are just saying we want to build on a very successful Medicare program to provide coverage for all seniors. There is no magic here. I believe that with the cost factor and the large pool, that the cost probably would not be that much, considering what we are spending on everything else, as our colleague from Massachusetts pointed out.

So if I could just conclude and thank my colleagues for participating tonight, the main concern I have right now, to be perfectly honest, is that we do not have any action by the Republicans on this issue. They talked about it 2 or 3 weeks ago and promised they were going to bring it up before Memorial Day. They have not.

I disagree with the gentleman in the sense that I would just as soon they bring some bill to the floor and have a debate, because I am fearful we are not going to get to it at all. Clearly when that debate occurs, what the Republican leadership talked about is not acceptable. It is not going to do anything. It is not going to provide any meaningful coverage for anybody. Hopefully we will have the ability as Democrats to bring up a proposal similar to what we outlined today and have a debate on something so important to the American people. I would say we are going to come back here. I know the gentleman from Maine is going to come back here, and we are going to keep talking about this over and over again until the Republicans bring it up and allow an opportunity to address the issue.

#### SUPPORTING ISRAEL

The SPEAKER pro tempore (Mr. ISSA). Under the Speaker's announced policy of January 3, 2001, the gentleman from Massachusetts (Mr. FRANK) is recognized for 60 minutes.

Mr. FRANK. Mr. Speaker, I apologize to the hard-working members of our staff for keeping them here at this hour. I do not often indulge in long speeches at this time of night, but I do feel an obligation to talk about the situation in the Middle East, particularly the security of Israel and the position of Israel vis-a-vis the United States, for 2 reasons.

First, it is a subject both very important and very emotional. A large number of people in my district, as in every other, care deeply about this. I believe the people who feel the most strongly and the largest number are people who, like myself, have both an emotional attachment to Israel and also a strong intellectual degree of support for it. There are others who are troubled by what is happening in the Middle East and are somewhat critical or harshly critical of the Israeli government.

I think it is an obligation of those of us in elected office when an issue is of this importance to explain ourselves,

and I find here, given the complexity of the issue, I think it is an essentially simple one. I believe that simplicity consists of the fact that for more than 50 years, until maybe recently, and we still do not know this, there has been an unwillingness on the part of the Arab community in the Middle East to allow Israel to exist.

The troubles began when the UN voted in a resolution, UN resolutions have become the currency in the Middle East of late, but the most important UN resolution, the one which said that there should be 2 states, Israel and Palestine, was not only disregarded by the Arab world at that time, but became the occasion for violent attack, and it always ought to be remembered if the Arab world had abided by UN resolutions 50-some years ago, we would have the 2-state solution which so many, including myself, think is the best ultimate answer, without a lot of killing and without a lot of misery and pain. But while there is essential simplicity to the issue, there are, when things have been going on for 55 years, a great deal of complexity, and that needs to be addressed.

But I also want to talk about it because precisely because I do believe very strongly that the continued existence of Israel as a free, democratic society, with secure boundaries, is important morally for the world, as well as in our interests as a country. I worry that some people, particularly within Israel, may have misinterpreted recent events in the United States.

I think there continues to be very strong support for Israel's right to exist and for its right to have secure boundaries. I think there is a great deal of admiration, as there should be, for what Israel has accomplished economically and socially and politically in the broadest sense, that is, maintaining a democracy.

The excuse we often hear from violators of human rights, people who disregard democratic procedures, is that democracy is kind of a luxury for a nation that is at peace, but we are often told when a nation is at war, it really cannot afford to be democratic, it cannot afford such luxuries as electing a government and then throwing it out of office by open means, a freely critical parliament, open press, free speech.

In fact, Israel, from the moment of its existence, was under siege, indeed, people were attacking it before it existed as a sovereign nation. It has been in a war-like state, unfortunately, I think not through its own choice, for its entire existence, and, despite that, has brought forward one of the most flourishing democracies in the world and, sadly, the only democracy of any consistency in that part of the world. So I am grateful to the people of Israel for showing that democracy is not a source of weakness, not something to be put aside when things are tough, but a source of great strength.

That respect for Israel, that admiration for it, that understanding that it

has played a very important role as an ally of America, all contribute to a great deal of American support for Israel, as does the fact as it is, as we know, the successor state to that horror, the Holocaust, in which an organized state tried to wipe out a people, and came closer than anyone would have thought before could have been done.

Yes, there is a moral obligation to the remnants of the Holocaust and they were given a safe haven. As we know, had there been such a place during the time of the Holocaust, many who died, many who escaped only to be sent back because no one would take them, would still be alive.

So there is legitimately a great deal of support for Israel. What I fear, however, is that some within Israel will assume that that support is there, here in America, no matter what, despite policy decisions Israel might take.

Now, Israel is a democracy, as I said, and people will say, you know, a democracy has a right to make its own choices. Of course it does. The people of Israel have a right to elect governments, advocate positions, as any democracy does. I will note that there is a certain inconsistency from some who now say that because when Ehud Barak was prime minister and trying very hard with the support of former President Clinton to reach a reasonable peace, some of those who now tell me that it is inappropriate to differ with the government of Israel were much less reluctant to do that under Prime Minister Barak or under the martyred Prime Minister Yitzhak Rabin. But Israel has a right to make decisions.

On the other hand, it is also the case that the United States is a democracy and it has a right to make decisions.

Now, American support at a very high level is essential, I believe, for Israel to be able to survive as a free and secure society. It is a small population. They have done wonders. But they are so heavily outnumbered, they are devoid of the kind of resources that many of their historic enemies have had, and there has been, for reasons that do the rest of the world no credit, a great deal of unfair criticism, I think, of Israel, so Israel has really found itself consistently bereft of friends in many cases when it counted, with the consistent exception of the United States.

It is entirely valid for the United States, in my judgment, to provide a degree of military assistance to Israel. This is a nation which is forced to survive to spend a very high percentage of its own income on the military. I think America plays a very useful role in helping them deal with that.

It is a nation which has had a policy of taking in people from the former Soviet Union, from Ethiopia, from Arab countries who were driven out, Yemen, Morocco and elsewhere. It is very important that they be able to play that role, and I think the money we provide is helpful.