

some cases they were even denied their severance packages if they refused to sign documents giving up the right to sue Enron for defrauding them.

Defrauding workers and forcing them to give up their legal rights is not irresponsibility; it is a crime. Even workers who never had anything to do with Enron were hurt by the collapse of that company. As Enron declared bankruptcy, public employees in 30 States lost anywhere from \$1.5 billion to \$10 billion from their pension plans. Stealing money from public employee pension plans is not irresponsibility; it is a crime.

Even those of us who had absolutely nothing to do with the Enrons or WorldComs of the world are hurt by corporate crime. The unethical behavior of executives at WorldCom, which was recently forced to admit it had invented \$3.8 billion in earnings, has had a devastating effect on the company's stock price. But the stock market as a whole has also suffered from the lack of confidence created by widespread corporate abuse. Less than 3 percent of all publicly traded companies misstate their earnings, but this small group casts doubt on the statements of other more ethical businesses.

A free market system cannot function if investors do not trust executives; and, therefore, the crimes of WorldCom and Enron are crimes not only against stockholders but against the very system that allowed these companies to flourish. Ask not for whom the bell tolls, corporate America, it tolls for thee. But this talk of corporate crime obscures the real crime that has taken place in this country.

The crime of Enron, like so many other corrupt corporations, is not that they broke the rules; it is that they wrote the rules. On everything from energy regulation to tax policy, Enron and its fellow energy companies got the best laws money can buy. Enron received a \$254 million check, courtesy of the American taxpayer, when the Bush administration changed the rules governing the corporate alternative minimum tax. Because with this deficit-laden budget, corporate tax cuts come directly from the Social Security trust fund, this was the legal equivalent to picking the pockets of senior citizens in order to pad the pockets of corporate executives. Enron also was allowed to vet candidates for the chairmanship of the Federal Energy Regulatory Commission, the Nation's number one energy watchdog.

Furthermore, companies like Enron and Haliburton are the intended beneficiaries of policies from the opening of the Arctic National Wildlife Refuge to the annihilation of the Superfund trust fund, which was supposed to ensure that corporate polluters paid some share of the cost of cleaning up their mess. The Superfund example gives us an especially revealing look at how corporate campaign contributors are treated by their friends in government.

If I poisoned hundreds of thousands of my fellow citizens in order to enrich myself and my friends, I would probably go to jail for the rest of my life. If, however, Haliburton spills oil all over a pristine area, ruining the land and making local residents sick, they do not even have to pay to clean it up. The taxpayer gets the bill.

Even after the collapse of Enron and the exposure of billions in fake earnings at WorldCom, this administration and many in Congress are working to protect their corporate patrons from any real accountability. The Oxley accounting bill, which the House passed on April 24, does nothing to protect against corporate abuse and bring back public confidence in corporate governance. In some cases, the bill even makes it more difficult to enforce auditing regulations. In its most glaring failure, this bill leaves the wolf in charge of the henhouse by ensuring that no independent agency has any power to effectively police.

I have full confidence this Congress and this administration can work together to prevent future Enrons and future WorldComs, and I look forward to working with Members on both sides of the aisle to make sure that we have corporate ethical governance in this country.

MEDICARE

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Florida (Mr. FOLEY) is recognized during morning hour debates for 5 minutes.

Mr. FOLEY. Mr. Speaker, several weeks ago a constituent of mine approached me to complain about her Medicare bill. I assumed this would be a typical complaint about either how much she was paying for premiums or how much she paid for services. Boy, was I wrong. Her complaint was worse. She was concerned not about her cost but about how much Medicare was paying for a particular product she uses. As a diabetic, she is required to wear special shoes that need shoe inserts. At one time, the only type of insert available was custom made. However, with the wide use of these products, coupled with advancements in technology, many of these inserts are now available off the shelf which are the ones that she gets for herself.

Looking at her bill, I found that Medicare was paying, on average, \$50 a pair for these inserts. This is the insert, a simple Styrofoam insert. The shoes she is required to wear are \$134. The inserts for the shoe, over \$50 apiece. She is required to pay a portion of that and Medicare reimburses, for three sets of diabetic shoe density inserts, \$190. \$190 for these inserts. In total, the provider was getting over \$50 per pair for simple inserts. If you go to the local pharmacy or grocery store, you will discover that these off-the-shelf orthodontics cost only about \$10. Even these inserts, which I purchased

at CVS, a local pharmacy, not to do a plug for the pharmacy, but you can get them anywhere you want, they are Dr. Scholl's, these were \$16. They look state of the art. They have all kinds of descriptions on them, a strong heel pad.

I am not an orthopedic surgeon; I am not a podiatrist. I am a simple average person who had my own business in Florida, and I know how to comparative shop. I think we all do. But this is outrageous. If Medicare paid that amount for the \$16, we would have saved substantially. She would have been thrilled and delighted. That is why she brought it to my attention, because she felt as a senior citizen, talking about Medicare and the need for prescription drugs, that we will never be able to solve the problems inherent in Medicare if we do not get our acts together and start finding ways to prevent these kinds of horrific over-expenditures of the Federal Government.

But why do they do it? Let us ask the basic question. Why did people charge such an outrageous sum of money for these, what I will call, rather inadequate inserts? Because Congress told them to. We wrote into the statute what price should be paid for these products, assuming at the time that the only available insert was custom made. Now that off-the-shelves are available, Medicare is stuck.

In today's Washington Post, there is an article talking about the rising cost of health care and the choices many employers, including the government, will have to make if these skyrocketing costs are not placed under some control. Two weeks ago, Congress began to address this problem when we passed H.R. 4954, the Medicare Modernization and Prescription Drug Act of 2002. However, we need to do more. We need to look at the entire Medicare program from top to bottom and allow the marketplace, not Congress, to determine prices. The only way we can save both the Medicare program and our health care system in general is to stay out of the business of setting prices and establishing controls.

I look forward to working with Chairman THOMAS and others as we continue to debate this very important issue. The Republicans, when we proposed prescription drug coverage, we recognized that within Medicare, for its solvency, we needed to do more and should be able to do more to provide for these benefits for our constituents, our seniors, and do so without robbing and causing taxes to have to be increased on existing working Americans. If we continue down this path and allow this kind of ripoff to take place, if we allow an insert to be over \$60 a pair paid for by the Federal Government, then we will be walking away from our responsibilities to our seniors, we will bankrupt Medicare, and we will cause significant disparity for seniors.

We believe we have an answer, but we believe we have to act now. There is no

way anyone can explain to me and give me comfort about these charges and make me believe this is a legitimate expense of the Federal Government. Yes, she needs insoles; but at \$16 versus about \$50-plus, I think we can find a way to not only make her walk comfortably but save the Federal Government a ton of money. Therein lies the opportunity to provide a prescription drug coverage for our seniors who need it.

CORPORATE GOVERNANCE

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Washington (Mr. INSLEE) is recognized during morning hour debates for 5 minutes.

Mr. INSLEE. Mr. Speaker, I sat in with the Financial Services Committee at our WorldCom hearing yesterday; and if you heard a sense of outrage from the Members on both sides of the aisle, it mirrored the outrage of the American public who have seen their savings go down the drain while there has been so much malfeasance in the accounting and auditing practices in our corporate boardrooms. It is very disturbing because this has created a substantial lack of confidence in our capital markets system. It is clear that we have a very systemic problem we have got to fix. It seems to me that this is a time for action that Teddy Roosevelt would have taken. Teddy Roosevelt did not say, Speak loudly and carry a small twig. He put it a different way. So today when the President addresses the Nation and Wall Street about how we are going to work ourselves out of this terrible situation, I hope that he will be guided much more by Teddy Roosevelt and much less by Calvin Coolidge. What I mean by that is we need him not just to speak loudly, which I am very confident he will do, we need him to act with great fervor. We need action, not just language.

Today I would suggest that a Teddy Roosevelt approach to this problem would involve six separate actions, not just speeches. We hope that the President will join us in the Democratic Party who propose these actions.

First, I think Teddy Roosevelt would be getting America a new director of the Securities and Exchange Commission. The present director of that organization, Mr. Harvey Pitt, is a man of great intelligence; but America needs more than that. America needs an agent of change at the helm of the Securities and Exchange Commission. We cannot have a leader of the Securities and Exchange Commission that we have to drag kicking and screaming every time that we need to do some modest, commonsense regulation of the industries that Mr. Pitt used to represent and work for. Unfortunately, Mr. Speaker, Mr. Pitt has drug his feet time and time again to take even the most modest efforts to deal with these

systemic problems. We hope that we have new leadership at that helm.

Second, I am convinced Teddy Roosevelt would impose the sternest criminal sanctions on the corporate people and accountants who failed to abide by their responsibilities, who consciously, intentionally defraud investors. I am confident the President will call for jail time for these scofflaws. But we need more than simply maximum times in jail. We need minimum times in jail. Here is the reason I say that. We need mandatory jail times for these flimflam artists. The reason is that all too often in white collar crime, these white collar criminals go up to the judge and says, he was a good man, he belonged to a great country club, he gave money to charity and they do not see the inside of a penitentiary. If you sell 50 grams of crack cocaine, you get 10 years mandatory, no ifs, ands, or buts. It ought to be the same rule for these people who have destroyed the retirement incomes of thousands of Americans. The President should do no less than mandatory minimum jail times.

Third, it is not just that we have people breaking the rules; we do not have the right rules in our accountancy and auditing system. We need new rules. So the third thing we should do is we need to divorce the consulting aspects of accounting from the auditing aspects of accounting.

Mr. Speaker, I have sat through, I think now, 12 hearings about these disasters. The one thing they almost all have in common is the people who are supposed to be auditing these corporations were also making millions of dollars providing the same corporations they are supposed to be riding herd on, providing them consulting advice. We found that this creates just too many disincentives for rigorous auditing. At a minimum, at an absolute minimum, we should require the auditing committee to agree to those multiple contracts before they allow people to provide those two services. This is a systemic problem, and it is something we have got to fix.

Fourth, we need an independent public accountancy board. It is important that it be independent. It needs to be independent of the organizations that it regulates. We need that quickly.

Fifth, we need CEOs to have to certify their financial records so that they are personally responsible.

And, sixth, and this is very important, Mr. Speaker, we need stock analyst independence, independent from the investment banking side.

Mr. Speaker, I am confident Teddy Roosevelt would take all six of these steps today. I hope the President will do so. America deserves no less.

PRESIDENT TO ADDRESS NATION ON CORPORATE GOVERNANCE

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Or-

egon (Mr. DEFAZIO) is recognized during morning hour debates for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, we are waiting now and in about 15 minutes the President will give a speech where he is expected to address the corporate meltdown, where millions of Americans have been defrauded of their stock holdings and their 401(k)s, thousands have lost their jobs and a few have profited mightily. The President says he wants to get tough. We are going to hear a lot of talk about watchdogs and teeth and enforcement and maybe putting some people in jail. Maybe. Probably not.

But the real question is, is he serious? Until recently, of course, the President and Vice President CHENEY had been touting their corporate experience and ties. Mr. Lay of Enron fame was called Ken Boy and was given unlimited access to the White House and the Oval Office. He is persona non grata now, perhaps. But are they serious? Unfortunately, the early indications are the President is not serious, but he is covering his political butt. That is because he is saying the SEC, which of course until recently he had stiffed in his budget, the Securities and Exchange Commission, the official watchdog of the United States of America over corporate malfeasance, which has been dramatically underfunded, yet the President proposed in his budget to not increase their funding, in fact give them a zero budget increase. Now he is going to propose a budget increase. That is good; so maybe he is serious.

But then he goes on to say the head of the SEC is doing a great job. This guy's name is Harvey Pitt. Harvey Pitt represented most of the firms and the individuals who are now taking the fifth amendment before Congress. In fact, in a recent action before the Securities and Exchange Commission, the toothless watchdog that we have on guard, headed by Mr. Pitt, appointed by Mr. Bush, who Mr. Bush says he has utmost confidence in, found, this is amazing, actually found that a firm, Ernst & Young, had violated its duty to remain independent from companies it audits. That is good.

But guess what? The finding which would ultimately in fact have involved a substantial fine was thrown out by an administrative law judge. Why? Because the facts were not right? No. Because they had not committed the malfeasance? No. Because Mr. Pitt is so conflicted that he could not vote and also Cynthia Glassman, the other SEC commissioner, was not allowed to vote, either, because they both had intimate ties with this firm. They had represented them, worked with them; and when they leave their so-called public service, they will represent them again as \$500- or \$1,000-an-hour lawyers.

So this company got off the hook because only one commissioner, the one appointed by President Clinton, could vote. The judge said, There were three