

doubling the amount we are spending on the National Institutes of Health searching for cures for these diseases. By the same token, I want what we reap from all this research to be affordable by the American people who need them when they get sick.

Regrettably, what has happened is every year the cost of prescription drugs is going up—18 percent last year, 16 percent the year before, 17 percent the year before that. There is this relentless increase in the cost of prescription drugs, and the fact is a lot of vulnerable people in this country desperately need those drugs and cannot possibly afford them.

Yes, it is important we do a prescription drug benefit in the Medicare Program. Fifty-two Senators have already said yes. The question is, Will a minority block us in the next day or two from getting this done?

We also need to find a way to put downward pressure on prices. One way we have worked on—and the Senator from Michigan has been a leader—is the reimportation of prescription drugs from Canada. The same drug, put in the same bottle, made by the same company, is sold in Canada at a fraction of the cost that the American consumer is charged.

To use one example, someone suffering from breast cancer who needs to take the drug tamoxifen is going to pay \$100 for that which they could buy for \$10 in Canada, the same medicine made by the same company, FDA approved, similar bottle, different price. The U.S. consumer is charged 10 times more than the Canadian consumer. It is wrong, it is unfair, and it ought to stop. These are the things on which we are working.

Ms. STABENOW. Absolutely.

Mr. DORGAN. We do not have perfect solutions, but we must in the next day or two make progress to get this bill completed so that we can go to conference with the House and make prescription drugs available to senior citizens, especially in the Medicare Program, and also begin to find a way to bring prescription drug prices down for all of us.

I appreciate the work the Senator from Michigan has done. She has done in her leadership position a lot of work on this issue, and I deeply appreciate it.

Ms. STABENOW. I thank my colleague from North Dakota.

To support the comments of the Senator from North Dakota, it is so frustrating to look at what is happening, and I think so unfair for consumers in the United States, taxpayers, and ratepayers. People say: How can this happen?

The reality is that today, while the companies say, oh, no, they cannot possibly lower prices at all because they would have to cut research, we know today that they spend two and a half times more on advertising, marketing, and administration than they do on research. When we look at the

numbers for last year, the top companies' profits were three times more than they spent on research. This is not about research. We all are for research and, as my friend from North Dakota indicated, we as taxpayers fund research. This year we will contribute over \$23 billion to basic research. I support that. I support doing more than that. It is an important investment.

After we do that, the companies take the basic information and see if they can develop new lifesaving medicine. That is great. However, we give tax deductions for research, as well as advertising and other costs of doing business. When they get to the point where they actually have a new drug, we give them a patent of up to 20 years to protect their competitive edge, their brand name, so they can recover their research costs.

We know it costs a lot of money to develop a lifesaving drug. We want to make sure it is a good investment and they can recover their costs. The problem is, we get done with all of this and what do we have? The highest prices in the world—higher than anyone else. If you are uninsured and using medications—which is primarily the seniors of this country—and you walk into your pharmacy, you get the great pleasure and honor of paying the absolutely highest prices in the world. That is outrageous. That is what we are trying to fix, both by making sure the health care system works with medications through Medicare, and also making sure that we have greater competition, that we address the outrageous spiraling prices and we can bring those down for everyone. That is the point of the debate.

We made some progress through amendments last week on cost containment. Yesterday we had an important debate on Medicare coverage. The question now is whether or not we will be able to get this done on behalf of the American people. I am hopeful we will be able to do that.

I am happy to yield to my friend.

Mr. DORGAN. Some say, when you talk of prescription drug prices, let the market decide. There is, after all, an open, free market; let the market decide.

Is it not the case that there is no free market for prescription drugs in this country? There are price controls in the United States but the prices are controlled by the pharmaceutical industry, and they like that. I understand that. Most other countries have price controls in which the governing authority sets the price, including profit, and the drug manufactures market those drugs in those countries under those conditions.

In this country, there are no such limitations. So in this country, you can charge whatever you like. The problem is, what if you charge too much for tamoxifen? What if you charge 10 times more than you should for tamoxifen, and they can actually buy it for one-tenth the price in Win-

nipeg, Canada? What prevents the consumer from voting with their feet and going to Canada? What prevents it is a perversion of the free market, and that is a law that says the pharmacist at the Main Street drugstore, the distributor cannot access drugs and bring them back.

There is a law that creates an artificial barrier against the free market working. When we try to change that, people say they are worried about bioterrorism, poppy seeds in Afghanistan, or they are worried the Moon is made of blue cheese—the most Byzantine arguments I have heard since I have been in the Senate.

Is it not the case that to say let the market decide, the free market is not a free market with respect to drug pricing in the United States?

Ms. STABENOW. The Senator is absolutely correct. There is not a free market. There are barriers placed in the way from real competition, real trade across the border, and there are ways now that the companies stop competition—buying up generic companies and blocking other competition.

I say in conclusion, unfortunately, we cannot just say, let the free market prevail. We are not talking about optional products. We are not talking about a family saying, we cannot afford a new car this year, we will wait; we cannot afford a pair of new tennis shoes or lawn equipment. We are talking about lifesaving medicine. Sometimes when people have to wait, they do not survive. This is different. We have to be serious about the difference.

I urge my colleagues to come together and get something done.

The ACTING PRESIDENT pro tempore. The Senator from Texas.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS

Mrs. HUTCHISON. Mr. President, I rise today to speak in favor of the emergency supplemental appropriations bill on which we will be voting at about 1:30 this afternoon. It is high time we pass this bill. The President asked for emergency appropriations to fund the Department of Defense and the war on terrorism about 4 months ago. It is critical. It contains \$14 billion to fund the war on terrorism. With the cost of antiterrorist operations in Afghanistan and elsewhere exceeding \$2 billion per month, these funds are certainly needed.

Because Congress has taken so long to produce this bill, the Pentagon has already reached into \$3 billion worth of funds budgeted for ongoing activities in the fourth quarter of the current fiscal year.

Last week, the Pentagon's comptroller warned of dire consequences if Congress did not provide the funds soon. He said the Department would have to suspend ship deployments and aircraft training operations for units that are not forward deployed, with the result that many units would no longer

be able to respond to any crisis that might emerge.

Many spare parts and supplies no longer could be ordered, and both ship maintenance and maintenance on critical aircraft, such as the EA-6B jammers and the F/A-18 fighter/attack aircraft, would come to a halt. Scheduled moves for military personnel would be disrupted, jeopardizing school years for children and job opportunities for spouses. As many as 35,000 civilians could be furloughed from the Department of defense.

Passage of this bill will guarantee our military does not run out of funds before the fiscal year 2003 Defense appropriations bill is sent to the President's desk, hopefully by October 1 of this year.

This bill also helps Texans who have been devastated by two disasters at the same time—a severe lack of water in the Rio Grande River Valley in south Texas and heavy flooding in central Texas.

This emergency legislation will help south Texas farmers by providing \$10 million to make up for some of the losses they incurred during the last crop year due to lack of water. Families are suffering because their livelihood depends on water and Mexico has failed to deliver, under the United States-Mexico water treaty of 1994, the water that is owed. This treaty obligates Mexico to allow 350,000 acre feet of water to flow to the Rio Grande river annually while obliging the United States to allow 1.5 million acre feet of water to flow to Mexico from the Colorado River.

Since 1992, Mexico has incurred a debt of 1.5 million acre feet of this water to the United States, while the United States has continually complied with our water obligations under the treaty. Because Mexico has failed to deliver its treaty obligated water, south Texas has lost over 5,000 jobs each year and suffered \$230 million per year in lost business activity. The economic loss to the region since 1992 is estimated to be \$1 billion. This situation has become critical due to the continuing drought conditions in both south Texas and Mexico.

The bill also provides \$100 million in assistance for emergency use—\$50 million for fires, \$50 million for floods—to hundreds of thousands of Americans who courageously fought to survive the wrath of scorching wildfires and unyielding flash floods that swept across New Mexico, Colorado, Arizona, Montana, Utah, Wyoming, Texas, and many other areas of our Nation. These natural disasters rip through our towns, threaten our families, wreck our homes and businesses, destroy our heirlooms, and leave us stripped of resources to begin putting the pieces back together.

On the Fourth of July, when most of the Nation was celebrating America's birthday, central Texans were evacuated from their homes by the thousands. Texas rivers were on the rise

and were cresting at record levels, more than 20 feet above flood stage in most locations. By the time most of America's fireworks had burned out, the Medina River crested at a ferocious 44 feet above flood stage south of San Antonio. The storm left Texas with four people injured, four missing, and mourning the tragic deaths of nine.

I thank the Texas Department of Emergency Management and the Federal Emergency Management Agency, FEMA, for their rapid response and rescue efforts for thousands of people who evacuated their homes, some of whom had only a few precious minutes to muster their families and secure their most valuable possessions.

Imagine having to choose between saving your family photo album, your great-grandfather's journal, or your family Bible.

I particularly want to thank Joe Albaugh, the Director of the Federal Emergency Management Agency, who toured with some of us in the congressional delegation to see the floods firsthand so he could come back and make sure he had made all of the efforts that could be made, all that were possible to give help to the people of south central Texas.

The flood waters have dropped in Texas and people are now diligently working to clean and repair their homes and businesses. The total damages are still being assessed, and it is estimated they will reach another billion dollars. So I urge my colleagues to agree to this supplemental appropriations conference report to help them begin to put their lives back together in south central Texas.

In addition, I want to mention Amtrak because this bill does restore a commitment to Amtrak, and \$4.4 billion in vital highway funding to the States that would have been lost due to a decrease in gasoline tax revenue. Amtrak, in particular, deserves our continued attention. Our national passenger rail system is teetering on the edge of the abyss. The bill merely pulls it back a few inches. We must find a way for Amtrak to achieve long-term financial security through a dedicated funding source similar to the way we fund highways and aviation transportation. Otherwise, we will face these emergencies every year, and service will continue to deteriorate.

At the same time, Amtrak's new leadership must eliminate this regional bias which has infected the railroad since its inception. Amtrak must stop sending all of its resources to the Northeast corridor, which is probably the only place in America with reliable rail service. Even so, the Northeast corridor is losing money every bit as fast as the rest of the system.

I have inserted language into the Amtrak authorization, of which I am a cosponsor, that would force the railroad to spend its money proportionately throughout the system. That way, passengers in Texas, Washington State, and Mississippi can enjoy the

kind of service that Northeast commuters have had for decades.

I think we can have a national rail system for our country. I think it is important that we do so. We have the outline of such a railroad system today in Amtrak, but we have not funded it at a level where we could have and expect stable service.

So I hope we will not only give Amtrak its lifeline today—which I believe that we will—but let's look at ways we can stabilize Amtrak so all the places that now get service can get reliable service, ontime service. Every time Amtrak threatens to pull the long-haul lines—which they did earlier this year—we lose thousands of reservations from people not knowing if they are going to be able to use their tickets, if they are going to go somewhere and not be able to get back, so it hurts the system even more. That is why we need to have stability so people can count on the service for which they are paying. We owe them that.

We cannot possibly judge Amtrak unless we give them reliable service that would give us fair criteria. But to think we are going to do it on an operationally self-sufficient basis is ludicrous. We are not. No country in the world does. We are going to have to give it a stable revenue base and then hold the officers and board accountable for knowing how to run a railroad. I think it is time we do all these things and keep the commitment to having rail service in our country.

Rail service is every bit as important an alternative as highways, as buses on the highways, as airports and aviation. We need all kinds of transportation in our country. In some places, freight is most easily and efficiently transferred from State to State across our country via rail. In some places, people cannot get to an airport. They do not live in a place that even has bus service. So they need another alternative that will allow them to travel across our country. This is part of national security. It is part of a stable economy. I think we need to just make a commitment and do it right. We have not been doing it right. We have been putting Band-Aids on Amtrak ever since we revived it years ago. Now is the time to do it right.

I think this supplemental appropriations bill is a good one. It meets the needs of our military and our homeland defense, which certainly have been in a crisis situation for the last few months as we have debated this bill. It also addresses the emergencies in our country, from fires raging across the western part of the United States to floods in my home State of Texas. And it does help us revive Amtrak, hopefully to give the leadership of Amtrak—new leadership, I might add—the ability to get this job on track and hopefully to do it right.

Mr. President, I urge my colleagues to support this bill and I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Utah.

Mr. HATCH. Mr. President, what is the state of the proceedings at this point?

The ACTING PRESIDENT pro tempore. The minority controls the next 14½ minutes.

STRENGTHENING CORPORATE ACCOUNTABILITY WHILE STRENGTHENING CORPORATE INNOVATION

Mr. HATCH. Mr. President, the Senate accomplished two significant feats last week. First, this body took strong action to ensure that candor and accountability will be watchwords in the world of corporate accounting. We have given the Securities and Exchange Commission the tools it needs to better do its job of ensuring that financial statements tell investors, in plain English, how our nation's corporations are really doing. And we crafted 21st-century criminal statutes and tougher penalties for those corporate wrongdoers who willfully mislead investors about corporate finances, and we are still working on that language.

Second, and more important, we resisted to a great extent the temptation to turn this bill, on which Senator SARBANES and Senator GRAMM worked so hard, into a tool for demagoguery. With the continuing reports of shoddy bookkeeping at some of our biggest companies, with terrible news coming from Wall Street these past few weeks, and with continuing layoffs at major corporations, it is no wonder that many pundits across the country, and even a few of our colleagues, were tempted to cast about, looking for a bill to support—any bill at all—that could make them look tough on white-collar crime.

But the battle is not over yet. We know that here in Congress, as well as in the regulatory agencies and in State governments, there are still moves afoot to impose more rules, more regulations, and more punishments on American businesses. There are those who are predicting that this wave of corporate scandals could give rise to a new era of big government, much like the Progressive Era or even the Great Depression.

I rise today, to say that this Nation must not return down that failed path. A new era of "re-regulation" would, without a doubt, damage or destroy the twin engines of innovation and capital formation that have made the American people the richest people the world has ever known. A new era of re-regulation, however well-intentioned, would put us on the path that Europe and Japan have recently trod. We would be playing a constant game of catch-up with whatever country was in the economic lead. People in the leading countries would have access to new inventions today, and then, years later, citizens of the sluggish United States would finally be able to afford them. That is the kind of trickle-down we need to avoid, and that is the kind of

trickle-down that the good people of Europe and Japan live with every day.

I have faith that the American people will not be led down that path. Instead, I believe that they will remember that in the late 1990s, the forces of competition gave birth to modern wonders in the fields of medicine and telecommunications while Congress cut capital gains taxes and balanced the budget. We saw the promise of venture capital unleashed, as many new startups tried out their new ideas in the marketplace even though we knew in advance that only a few would succeed.

And as investment and innovation increased, our workers became more productive, and higher productivity led, as always, to higher wages and better living standards. Census figures show that since 1980, the share of families earning over \$100,000 per year doubled, even after adjusting for inflation. The number of people living in poverty has declined, and the only reason it has not declined faster is because this land of opportunity draws in poor immigrants from throughout the world. In many cases, however, within a generation these immigrants will rise into the middle and upper ranks of income-earners.

And, most saliently, this prosperity reached into almost every part of American life. Overall unemployment rates reached the lowest levels in 30 years, and every race and every age group saw its fortunes improve. Just as the 1980s debunked the pessimists who thought that stagflation and malaise were the waves of the future, so the 1990s, with unemployment rates getting down to 4 percent, debunked those who thought that unemployment rates below 6 percent inevitably spark inflation.

Despite the fact that the American people have endured a year of high energy prices, a painful recession, waves of corporate accounting scandals, and the horrific attacks of September Eleventh, our economy's foundations remain strong. Innovation and capital formation have continued even during the depths of the recession, to the amazement of the pessimists. Despite the many buffetings our nation has endured, America's workers are more productive today than they were just a year ago. That continued the trend of the last few years, where we saw productivity grow at an annual rate of 3.1 percent.

We have seen the unemployment rate shoot up from its 30-year low of 3.9 percent up to 5.9 percent in June. Mere numbers, of course, can never convey the real cost of losing a job. And tragically, recessions continue to hurt workers months and months after sales pick up. But clearly, this recession is like no other that we have seen: manufacturing has been hit hard, very hard, by this recession. Workers in those industries, and people who live in towns that rely on those industries, have paid a heavy price.

But our economy's resilience and flexibility is amazing, and this resil-

ience shows in our labor markets, where our nationwide average unemployment rate of 5.9 percent, while still too high, would have been hailed during most of the 1980's and 1990's. And if Congress acts to restore the economy to its potential, enacting policies that encourage innovation and capital formation, we can continue to improve our standard of living, get the unemployment rate back down, and make our economy more resistant to the inevitable economic shocks of our modern world.

As Chairman Greenspan noted last Tuesday, Congress can strengthen our economy's long-run potential through strong fiscal discipline, so that more of our economy's resources are in the hands of our innovating private sector. And since capital formation and technical innovation are keys to productivity growth, we should move aggressively toward expensing capital equipment and finally making the research and development tax credit permanent.

The accounting reform bill we passed last week is a good bill, and once it comes out of conference, I hope it is even better. The Senate bill reduces the potential for conflicts of interest between auditing and consulting services. It ensures that the government will vigorously scrutinize audits to ensure that the balance sheet is telling the real story. And it modernizes the criminal codes to deal with the corrupt few who knowingly break the rules outright.

But once the final version of this bill becomes law, that is by no means the end of the story. Once the regulators get ahold of the final bill, it will, once again, become a target for anti-corporate activists, those who distrust bigness, who distrust success, and who distrust the competitive spirit of the American people. They will seek to pressure the SEC and the Financial Accounting Standards Board to enact rules that express their hostility toward corporate America. And however well-intentioned the goals of these activists, they could have disastrous consequences.

Let us consider an example that sounds reasonable enough. I started off by noting that the Sarbanes bill would ensure that financial statements tell investors, in plain English, how our nation's corporations are really doing. There are good reasons for reporting financial statements in language that ordinary investors can understand, and the SEC has done a good job encouraging corporations and financial services companies to avoid unneeded jargon in their official statements. But at the same time, we need to remember that while corporate finance is not rocket science, it is not that far from it.

Some issues will be hard to understand, and they should stay that way. If we insist that every financial dealing be completely understandable to the average investor, then you know what we will end up with. Corporations that