

it not true over the last 10 years you have taken over \$28 billion in investment tax credits for the research that you do; for research and development tax credits? So you add it up, and the net real cost to the pharmaceutical industry is much less than they sometimes say.

And, incidentally, more and more independent groups, bipartisan groups, nonpartisan groups are coming to the same conclusion, and that is that the pharmaceutical industry is now spending more money on marketing and advertising, in fact, in some cases some companies dramatically more on marketing and advertising than they are for research. So research is important, but we pay for it through the Tax Code. We subsidize it through the Tax Code.

We subsidize it also in the amount that we spend on research. I mentioned that I am proud of the fact that we finance an awful lot of research with taxpayers' dollars here in Washington. This year we will spend upwards of \$27 billion through the NIH, the CDC, even the Department of Defense on research projects which will directly or indirectly benefit the pharmaceutical industry.

And then, finally, of course, the way we subsidize them is in the prices we pay. I think once is enough. I think once we help to develop Taxoxiphen, we ought to at least be able to buy it at world market prices for American consumers.

This is a huge issue, my colleagues. And it is one that more and more seniors, and not only seniors but American consumers in general understand this issue. And I think there is a feeling here that if we just pass this prescription drug benefit plan that somehow this will go away. Well, Members, you need to understand a few things about, ultimately, the facts about this prescription drug benefit. And I am not here to criticize the Medicare reforms, I think most of the Medicare reforms we are talking about in this bill are very good, very necessary, and perhaps even overdue. But when you start talking about the prescription drug benefit, I hope you will understand, at least from my perspective, the facts:

First of all, this bill, they purport, is going to cost \$400 billion. I think it is going to be a lot more than \$400 billion, because we do not have effective ways of dealing with the cost, we are going to pay in the affordability of these drugs. But let us say it is \$400 billion. Well, the CBO tells us virtually every dollar of that is going to have to be borrowed. To pay for this new entitlement, we are literally going to have to borrow the money from our kids and grandkids. In some respects, I think that is a terrible tragedy.

But as we look at the overall issue, what is going to happen is next year, by the time people begin to understand this, they are going to say, now, wait a second, and whether it is going to be 16 percent or 36 percent, no one really knows, but we do know this, there will

be people who have prescription drug coverage today, through their former employers, who are going to be pushed off of the system and all of a sudden they are going to be thrown into this new government plan, and what they are going to find out is it is not as generous as the plan that they had through their former employer, for the most part. And they are not going to be happy.

I think a lot of conservatives and taxpayers are not going to be happy when they see the cost of this. And I think as they look at the final issue, if next year they look at the system and say, wait a second, you mean even after this, we are still going to be spending \$360, or some number, let us say we get a 15 percent discount or a 20 percent discount off \$360, that is roughly a \$72 discount, that gets the prices down to about \$290. That still is a lot more than they are paying in Europe for the same drugs.

No, I think Americans should pay their fair share. I think we are paying our fair share. But I think if we pass this bill later this week without dealing with the fundamental cause, or one of the fundamental drivers of this whole debate in affordability, it seems to me we are making a huge mistake. And it is one I think the voters will not be appreciative of once they begin to realize.

Yes, we need to reform Medicare. We have 50 million baby boomers moving on their way towards retirement. And it is inevitable that as we go forward, we have to do something about reforming the Medicare system. We have to make it fairer. We have to give consumers and seniors more choices. But if we are going to add a prescription drug benefit to the package, this new \$400 billion entitlement, and going up in my opinion, then it seems to me we have an obligation to make sure American consumers, American taxpayers are getting their monies worth.

So I would hope that Members would at least pause and ask the question what are we going to do about opening up markets? What are we going to do to control the cost of these prescription drugs? What are we going to do to make them more affordable for American consumers? I think the answer ultimately to me is quite simple, and that is give the market access. Do what we do with those pig producers, require some competition across the border. Allow prescription drugs to work as virtually every other market does.

When markets work, when competition works, prices will level. And the net result is that we will pay considerably less in the United States. And some of the people in other industrialized countries are going to probably have to pay a little more. But that is the way markets work. They tend to level.

Mr. Speaker, again I want to thank the gentleman from Texas (Mr. NEUGEBAUER) for giving me the chance

to present some of these things tonight. I know that not everyone agrees with me. I try to be respectful when I debate and discuss these, but it is such an important issue. And if I could just close with one other point, because some people say this cannot be done safely.

Members, I would encourage you to take a look at the newest technology that exists today. This is not pie in the sky. I have the technology right here in this little vial literally about 100 computer chips. And within 2 years, most of the products being sold at Wal-Mart stores will have these on them. This is the new UPC codes. And these little computer chips in this vial, there are about 100 of them, they are so small you cannot see them, but they will be able to track that product literally so that you will know when it runs through the scanner that this Cipro was produced at the Munich, Germany, plant on September 3, 2001 at 1 p.m. in the afternoon and it is in fact Cipro.

So the idea that we do not have the technology to do this today is really laughable. It exists. It is being used on other products. It will expand and be used even more. But, Mr. Speaker, and particularly the gentleman from Texas (Mr. NEUGEBAUER), I appreciate having the opportunity to present some of these things. If Members would like more information from my office or want to go to my Web site, simply go to gil.house.gov. We have some great charts which explain this.

As John Adams said, "Facts are stubborn things." This is a stubborn thing. This chart is not going to go away. And under the bill we are considering this week, it will not change much. Ultimately, we have the power to change it. The FDA works for us, not the other way around. It is not shame on the pharmaceutical industry, it is shame on us.

DECLINING MEDICARE REIMBURSEMENT FOR PHYSICIANS

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

Mr. GINGREY. Mr. Speaker, I rise again today, as I have a number of times before, to call attention to declining Medicare reimbursements for physicians.

Effective January 1, 2004, physicians and other providers paid pursuant to the Medicare physician fee schedule, face at least a 4.5 percent cut in reimbursements.

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Mr. Speaker, I have been outspoken on this issue and have described several instances in which the citizens of Georgia and our Nation will be negatively affected by this cut. There is a staffing issue within the trauma center at Grady Memorial Hospital in Atlanta.

Dr. Harry Sherman in Augusta is contemplating retirement due to a lack of adequate Medicare reimbursement and the high cost of liability premiums. And more specifically, I demonstrated the decreasing reimbursement for, and thus the eventual reduction in access to very common procedures provided to Medicare recipients.

I would like to bring the attention of my colleagues to a survey conducted by the American Academy of Family Physicians. This survey is not necessarily scientific, but I believe it is indicative of the problem we are facing. AAFP found that 24 percent of family physicians no longer accept new Medicare patients. After the 4.5 percent cut was announced, AAFP surveyed again to find out what its members would do if the cut takes effect. As detailed in a release from the American Academy of Family Physicians, only 36 percent said they would take new Medicare patients if these new cuts occur.

Mr. Speaker, come January, doctors are going to take a cut in their reimbursement for treating our Nation's most needy individuals. There is an old saying, however, that the night is always darkest just before the dawn. With a physician-reimbursement disaster looming, Congress is on the verge of a breakthrough. Housed within the Medicare modernization bill is temporary relief for the medical community. House and Senate negotiators have announced an agreement that will potentially bring this legislation before the Congress this week. I thank the gentleman from California (Mr. THOMAS) and the subcommittee chair, the gentlewoman from Connecticut (Mrs. JOHNSON), and those from the other Chamber, such as Senators FRIST, GRASSLEY, BAUCUS and BREAUX, who have worked so hard to get us to where we are today.

I encourage all of those involved in this process to continue to act in the best interests of the American people, but especially our seniors and the medical community on which they so desperately depend. Let me be clear, as a physician Member of the United States House of Representatives, I believe that we must pass the Medicare conference report now. For nearly 40 years, Medicare has provided necessary health care to millions of patients across this country. Another steep cut in reimbursement rates would have been devastating for the physicians who care for Medicare patients; but with the language that has been crafted, the physician-reimbursement update would be a positive 1.5 percent.

This chart is representative of the positive impact the current Medicare legislation will have on Medicare providers throughout the country. For example, New York will see a benefit of \$865 million; Washington State benefits \$155 million; Texas, \$641 million; and most important to me and my colleagues from Georgia, our State will benefit \$254 million. All 50 States will see a positive impact from the current

version of the Medicare conference report.

I cannot overstate the importance of just this one piece of the overall Medicare bill. It is my hope this will allow for the continued access to quality health care for our seniors. I am proud that as the door was slamming shut on our seniors' health care, this Congress stood up, and will stand up, in a bipartisan fashion and hold this door open.

Mr. Speaker, one of the greatest achievements of the Medicare program is the access to high-quality care it has brought to our Nation's seniors and disabled patients. This level of access is more likely to continue in light of this temporary fix. This legislation will allow Congress and the Center for Medicare Services the time to work together to finally find a more permanent solution by revamping the Medicare payment formula.

Doctors are the linchpin of the Medicare program. Let me say that a prescription drug plan is no benefit at all unless there are physicians willing to accept Medicare patients and to write those prescriptions. We need to pass this conference report and pass it now.

IRAQ WATCH

The SPEAKER pro tempore (Mr. TANCREDO). Under the Speaker's announced policy of January 7, 2003, the gentleman from Pennsylvania (Mr. HOEFFEL) is recognized for 60 minutes as the designee of the minority leader.

Mr. HOEFFEL. Mr. Speaker, I am here tonight with my colleagues to resume the Iraq Watch we have been conducting almost every week on the floor since sometime last spring. I believe it was April that we started speaking every week on the floor about our concerns about our policies in Iraq, trying to ask questions, trying to seek answers from the administration regarding the policies that we have been pursuing. Also, we have been suggesting changes that we would like to see in those policies. Of course, a lot has happened in Iraq since last spring, since the very impressive and brave work of our military men and women, the impressive victory that they won over Saddam Hussein, a victory no one thought was in doubt, but everyone was happy to see with minimal loss of life. We thought that the military performed with great courage and great skill.

Since that time, of course, it has become clear as the military battle was conducted, the planning for and the actual reconstruction and security of Iraq has been very poor. We have all been disappointed in the difficulties. The continuing casualties have been heartbreaking. The inability to get the American-appointed Governing Council to work effectively to try to bring the Iraqi society together has been disappointing. I think the Bush administration finally understands they need to change their plan for the ultimate creation of a new government and a

representative democracy and hopefully a pluralistic society in Iraq.

Recently the administration has announced a change. They will no longer ask that the Governing Council in Iraq be responsible for writing a new constitution and holding new elections before America gives up authority for the reconstruction and the occupation of Iraq.

Instead, Mr. Speaker, we are now putting time limits on our occupation. We have apparently announced that we will give to the Iraqis the responsibility for their reconstruction next summer, although the President has been clear, and I agree with the President that we must continue to keep our forces there to make sure the tyrants and the murderers do not come back if the Iraqi democrats-to-be fail to move forward and secure their country.

The question is what is the best policy for this country? How do we best achieve a stable and secure Iraq, which is a goal all of us share? How do we best achieve the creation of a pluralistic society? How do we best establish a representative government based upon principles of self-government and tolerance and cooperation with the rights of women protected, with sharing of responsibility between the three great ethnic groups in Iraq, the Sunnis, the Shiites and the Kurds? How do we best achieve this in the face of a security threat in Iraq where our troops are not safe, where the guerilla attacks against our troops continue, where there is no Iraqi Army yet ready to step forward to provide for its own security, where the Iraqi police are not yet capable of providing for security domestically? How do we best proceed?

Some fear that the President after holding on to power and not allowing the Iraqi Governing Council or any other group to have any decision-making power, some fear that the President now is moving too quickly to give up power to the Iraqis; and I think it is a very legitimate question because if we leave too early, if we leave a vacuum in any way in Iraq, only bad things can happen, whether Saddam Hussein or his followers attempt to come back, whether a new group of lawless thugs attempt to take over, whether forces from other countries attempt to infiltrate and take over Iraq, none of that would be good. None of that would be good for the Western democracies; none of that would honor the sacrifices that brave young Americans have made, including those who have made the ultimate sacrifice and have died serving their country.

A premature departure from Iraq by this country could lead to a less stable country in Iraq. It could lead to a less stable Middle East. It could allow Iraq to become a haven for terrorists, which is a process, unfortunately, already under way, a haven which did not exist when Saddam Hussein was in power. As murderous a tyrant as he was, he operated in a secular fashion and did not