

Consumers were still buying but businesses were not investing partly because they had overinvested and thereby overspent during the period leading up to the recession, partly because they didn't have the incentives that were created for business investment by the tax cuts that we passed in Congress.

But, in late 2002, the trend turned. Business investment started to go up and became very strong and remained in strong territory, which is why the recovery remains strong.

But let us look at the area we have so much spoken about on the floor with respect to manufacturing. Once again, putting it in a historic perspective, going back to 1999, manufacturing spending was up and started down in 2000.

I keep emphasizing the fact that this started down in 2000, because during the election of 2000 we were told this was the strongest economy anybody could ever imagine, and if one only kept the incumbent party in power in the White House this would continue. In fact, during that period while President Clinton was in the White House and Vice President Gore was campaigning, it had already started down.

Economic activity is not that responsive to political activity; it has a life of its own.

It started down during 2000, slipped below the line that indicates whether it is growing or shrinking in the middle of 2000, it hits bottom in 2001, and then, while it comes up briefly, stays in a period and an attitude of difficulty until you get to the middle of 2003.

Again, the red arrow shows when it was going down, the green arrow shows when it is starting up, and the manufacturing activity has now come up very strong—stronger than it was before the recession started, and every indication is that it will continue.

On the floor yesterday, the senior Senator from Massachusetts talked about wages and how terrible wages are. His colleague who is running for President has said: Well, maybe the economy is coming back but we are in a wage recession and wages are terribly low.

Once again, putting this in historic perspective, we find that the present situation is not without precedent and not without indication as to what will happen in the future. Hourly earnings figures, which the two Senators from Massachusetts used to make their claim, do not include benefit costs. That is a component of compensation that every business man and woman knows you have to include.

I have run a business. I have realized, as every businessman does, that you cannot just compute the amount of money that an employee receives on his W-2 form as the cost that employee represents to you. You have to add to that the cost of his health insurance, the cost of his retirement benefits, the cost of any other benefits you give him in order to come up with the total

amount he is going to cost you. If he cannot return to your company enough economic value to cover that total cost, you can't afford it.

To those who say, well, let us ignore the total cost and just talk about the wages, I say you are ignoring economic reality. If you look at the total benefits and wages combined in total cost to an enterprise, you realize we are not in a wage recession. We are in a situation that has very careful precedent very close to what has happened in the past recessions.

When Alan Greenspan appeared before the Joint Economic Committee, I asked the question: Are we in a wage recession? He said no.

I close the way I began. It is the economy that produces money—not the budget. It is the economy that determines how well we will do and not necessarily our laws.

I go back to the headline that I held up at the beginning of my presentation in today's paper, the Washington Post. On the front page of the business section, it says "Federal deficit likely to narrow by \$100 billion."

Do you know what it would take for us to create a \$100 billion reduction this year in spending in order to get that kind of an impact? There it is—an additional \$100 billion into the Treasury by virtue of the strength of the economy rather than anything we do.

It is very important for us politicians to understand that and realize that our first responsibility is to adopt policies that will keep the economy strong and growing. I believe this administration and Congress have done that. The information that is now flowing in to us from the economic world demonstrates that our policies are the correct ones.

I yield the remainder of my time and I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

MEDICARE

Ms. STABENOW. Mr. President, I rise today to speak about the Medicare law that we passed and the newly announced Medicare discount card.

I, first, raise deep concerns about a recent report that has come forward from the Congressional Research Service which was made public yesterday. I read from an AP story and report made public on Monday by the nonpartisan Congressional Research Service that efforts to keep Richard Foster, the chief Medicare actuary, from giving lawmakers his projections of the Medicare bill's costs—\$100 billion more than the President and other officials were acknowledging—probably violated Federal law.

It goes on to say:

Foster testified in March that he was prevented by then Medicare administrator, Thomas Scully, from turning over information to lawmakers. Scully, in a letter to the House Ways and Means Committee, said he told Foster "I, as his supervisor, would decide when he would communicate with Congress."

Congressional researchers chided the move. Such gag orders have been expressly prohibited by Federal law since 1912, Jack Maskell, a CRS attorney, wrote in the report.

I hope we are going to pursue this. We have a specific report indicating the administration may have violated a law that has been in place since 1912 that relates to information not given to us about the Medicare bill and about an employee, a Medicare actuary, who was told he could not share information, even though that was his job, even though he was asked to do so, another very troubling part of the whole Medicare saga as we look at this legislation.

Sadly, our seniors now must endure another major disappointment as they cope with the implementation of last year's flawed Medicare bill. Since the final agreement was hashed out in the middle of the night last year, seniors across this country have heard more and more frustrating news about the new Medicare law. The latest is the new Medicare discount card or, as some would say, nondiscount card.

Prior to the launch of the prescription drug card Web site last week, seniors discovered one outrage after another. First, they found out this bill had an undesirable benefit. For example, if you have \$5,100 in prescription drug costs in a year, you still have to pay 80 percent of that—over \$4,000. That is not the kind of benefit people in Michigan desire. When the benefit is explained to them in public forums where I have been participating, people are very upset. This is not the kind of benefit they have been asking for.

Second, they began to understand this legislation will undermine private health insurance and almost 3 million retirees will lose their private prescription drug coverage. About 183,000 people in Michigan, as a result of this bill, are predicted to lose the private coverage they worked for their whole lives and count on now in retirement.

Third, they realize approximately 6 million low-income seniors will have to pay more under this new plan than they did under their existing Medicaid coverage or their coverage will be more restrictive. Think of that for a minute. For the folks who are lowest income seniors, whom we all speak about having to choose between food and medicine, under this new law they will have to pay more—maybe only a little bit more, but every dollar counts when you are choosing between food, medicine, paying the electric bill, or cutting pills in half or taking them every other day. It is astounding the bill that was passed actually increased the costs for our poorest seniors.

Fourth, our seniors discovered there were no provisions to actually lower the prices of prescription drugs. That is amazing. Despite the House of Representatives overwhelmingly passing a bipartisan prescription drug reimportation bill to open the borders and bring back lower priced prescription drugs—

in most cases, American-made or American-subsidized drugs—instead of that, which would lower the costs of some drugs up to 70 percent, it was summarily dropped in conference committee under pressure from the White House and the pharmaceutical lobby.

Fifth, at the last minute, the pharmaceutical companies pressured their allies in Congress to put in a provision that actually prohibits Medicare from negotiating bulk prices. Amazing. We are not even using the full leverage of Medicare to negotiate group prices. As a result, the Medicare Program cannot use its market power to get lower prices for prescription drugs, unlike the VA. We all know the Veterans' Administration negotiates deep discounts on behalf of our veterans. We actually have a situation now in the case of a husband and wife who are retired. The husband is a veteran and he is getting a major discount, possibly up to 40-percent discount in his prescription drug prices, and his wife, who is on Medicare, has to pay higher rates. That is not fair and it is not right. It needs to be fixed.

Sixth, a month after the bill was signed, all Americans discovered the administration deliberately hid certain cost estimates from Congress and the American people. These figures contain what some thought all along, that this bill would cost more than the \$400 billion projected. Perhaps the lack of any provisions to help lower prices led to its higher cost. And now we hear from the Congressional Research Service that, in fact, the administration has likely broken the law in keeping that information from us.

Finally, to add insult to injury, our seniors are now seeing political television commercials promoting the new Medicare Program, paid for by American taxpayers, during the middle of an election campaign, and the ads are not accurate. The ads are not accurate and complete and they leave out some of the biggest problems with our new private card.

Let me speak now specifically to the card. First of all, this chart is not meant to be a joke. This demonstrates 50 different steps in the process of getting a Medicare prescription drug card. You do not necessarily have to take all 50 steps, but it is a very confusing process to wade through over 30 different cards to determine whether one of them is best for you. Your region may have access to other regions and may be able to apply for very complicated low-income assistance. I should say the low-income assistance is the one positive in this card. If you do manage to move through the complexity and a senior or a disabled person does qualify, it does provide \$600 to help them pay for medication. This is very positive.

The Families USA study looked at this and indicated the application process for low-income drug subsidies is unusually cumbersome and is built on an untried application infrastructure. As

a result, they estimate of the 7.2 million low-income seniors who would actually be eligible for the extra help—and we want each and every one of them to receive it—only 4.7 million will actually receive it because of this complexity.

The latest development is misleading. These so-called discount cards may actually mean higher prices also for seniors than they would otherwise get now without any new Medicare Program.

For example, seniors can get lower prices for prescription drugs by simply getting their prescriptions filled through a number of sources they have right now. There are a number of very good county programs in Michigan that I encourage seniors and families to take a look at that cost less than the Medicare discount card and actually provide more benefit.

We also found by a study just completed in the House of Representatives that purchasing through the Internet can be a less costly way to receive discounts. Let me give an example. Go to a Web site for the top 10 most used drugs by our seniors, for example, at drugstore.com. The yearly cost is \$959. There is no annual fee. The total cost would be \$959. Two other Web sites, the same thing: \$990 and \$993. If you go to one of two of the over 30 different private Medicare discount cards, one is called RXSavings, to get the same 10 drugs, supposedly at a discount, would cost more—\$1,046, and you have to pay an annual fee of \$29.95 in order to have the privilege to pay more. The end result would be \$1,075.95. The same is true with Pharmacy Care Alliance. It costs you more than what is out there right now as discount cards, but you have to pay \$19 to get the card, and in the end you are paying more. This is not a good deal for our seniors.

Let me give another example and actually suggest what we ought to be doing. I should mention that the average discount card is \$30 for a senior. You have to have it for a year, and even though you cannot change your card for a year, the company giving you the card can change the list of the drugs that are discounted every 7 days. So you look at all the complexity, through all the cards, you pick the card that covers the drugs you use because you need that discounted amount, you pay your \$30, and then 7 days later the drugs you need are not on that card anymore. This is not a good deal for our seniors.

What is a good deal for our seniors is legislation we have in front of us right now to allow us to open the border to safe FDA-approved prescription drugs coming back to our local pharmacy from Canada or other countries with similar safety precautions where we can literally drop prices in half. That is a good deal.

We have a bipartisan bill in front of us. A very large coalition of Senators has been working together. It is time to bring that bill forward to the Senate floor and to pass it.

Now, why is that better? Well, as an example, under one of the private cards, after you purchase your private card, Lipitor is listing at \$71.19. It costs you \$74.72 to get it under another card. But if we simply passed that bill, it would allow us to bring back those lower prices from Canada to the local pharmacy. You could pay \$49.85. That is true over and over.

The real way to lower prices is to allow us to get the lowest price, whether it is in Canada or the U.S. or other countries where we can make sure that the safety is there, and bring back the prescription drugs to our local pharmacy. The other way is to give Medicare the clout to truly negotiate, as the VA does, to be able to lower prices for our seniors.

This law has so many flaws. I believe we ought to go back to the drawing board. We need to pass a meaningful prescription drug benefit. We can do so before the law takes effect in 2006. We can do better. I encourage our seniors to think very carefully and cautiously before proceeding with one of these private discount cards.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I thank my colleague from Michigan who has been tireless in her efforts to educate the Senate as well as the American people about the prescription drug issue. I don't think there is another Senator who has dedicated herself or himself to this issue as much as Senator STABENOW. I thank her. She has done a lot in terms of letting us all know what is at issue.

We all understand the basic problem: Prescription drugs cost too much money—not just for seniors, but for almost everyone. Unless you are one of the fortunate few who has some sort of prescription drug coverage that takes care of the cost, you have to reach into your pocket, pay out substantial sums of money for drugs and medicines that the doctor tells you are absolutely necessary for your health. For some who are in strong income positions, this is not a hard choice; you just write the check or hand over the credit card and don't think twice. But for a lot of people living hand to mouth, trying to count the pennies and get by from month to month, it becomes an impossible choice. To be told that it is your money or your life is the worst possible choice, and that happens over and over again.

Forty million seniors on Medicare end up paying higher drug prices than any other group of Americans. Let me repeat that. Forty million seniors under Medicare pay higher drug prices than any Americans. How can I say that? I can say that because these are people on fixed incomes, many of whom don't have insurance protection for prescription drugs. They find themselves in a position where they have to pay the full price while someone—their son or daughter who is fortunate to

have a plan at work—may have a lower cost or a reduced price for prescription drugs. Someone who is disabled and on Medicaid, for example, has the benefit of the Government bargaining to bring in lower prices. Right on down the line you see that person after person has protection, but for the senior citizens, they end up paying the highest prices.

I have heard colleagues repeatedly say, that is just the price you have to pay in America. We have to have somebody pay inflated prices for drugs so the companies have enough money for research.

Keep in mind that pharmaceutical companies are the most profitable economic sector of our economy. They make a lot of money. Though they need to make a profit—that is why they exist—though they need money for research, the fact is most of these companies pay more money for advertising their product than they do for research to find new cures for diseases.

We tried to pass a prescription drug bill that would have finally given Medicare the power to bargain down prices and make them affordable for seniors. It was rejected by the overwhelming majority of the other party and even a few on our side of the aisle because the pharmaceutical companies don't want to face any customer with bargaining power. Forty million seniors under Medicare would be the strongest bargaining unit possible. Instead, we passed a bill which, frankly, is going to delay the implementation of a very poor substitute, a Medicare drug program, until long after the election. Conveniently, this disastrous bill will not go into effect until long after the election. In the meantime, though, the Bush administration is anxious to tell the seniors that we haven't forgotten you.

Yesterday they rolled out a discount card to give seniors a break on the cost of drugs. Take a look at what that discount card means when we actually compared it to the town of Evanston, IL, to what people are paying at the pharmacy.

Lipitor, the largest selling drug in the world, \$10 billion in annual sales, \$6.5 billion in the United States, lowest retail price is \$68.99. With this great new discount card the Bush administration rolled out yesterday, \$67.07—a savings of 3 percent. Celebrex, savings of 2 percent. Norvasc, it turns out the discount card price is higher than the price of the pharmacy.

The bad part about this new Medicare drug discount card is, once a senior signs up for it, they are stuck for a year. That means they pay the annual fee and can't go to another private discount card. Meanwhile, the company offering the discount can change the number of drugs covered and the price of the drug on a weekly basis. So you are stuck having paid your membership fee with a situation where the drug companies can keep raising prices way beyond what you think they are going to be.

Are they likely to raise prices? Take a look at what has happened to the increases in prices since we started debating this: Celebrex has gone up 23 percent in cost; Coumadin, very common, 22 percent; Lipitor, 19 percent; Zoloft, 19 percent; Zyprexa, 16 percent; Prevacid, 15 percent; and Zocor, 15 percent.

So when you are saving 2 or 3 percent on the card today and no guarantee that it will be there tomorrow and prices are going up in this fashion, is it any wonder that seniors are skeptical of this administration's commitment to lowering drug prices?

Secretary of Health and Human Services Tommy Thompson said last week: I want to roll seniors; on May 1 we are going to roll out this new card, but hold back. Don't commit yourself early. There is still more information coming in.

There certainly is. The information is troubling. These discount cards being offered by the Bush administration, frankly, could be a bait and switch for seniors. They could end up with a discount today that disappears tomorrow. They are stuck with it. They could end up signing for a discount card for a drug that is discontinued by that same company offering the card next week.

Take a look at what we could be doing instead of these bait-and-switch phony discount cards. Take a look at what we could be doing on Lipitor: With the Medicare discount card, \$67.07. Do you know how much they pay in a veterans hospital for that same drug? Thirty-six dollars and 48 cents. Why? Because the VA bargains with Pfizer and it brings the price down dramatically. This Senate passed a bill prohibiting us under Medicare from bargaining with pharmaceutical companies to get the best price for seniors. They specifically prohibited it. Why? So the drug companies could make more money and seniors would pay more money. If you have to go to Canada for that same Lipitor, it is about \$50. Look at this. America's seniors are paying the highest prices, even with the discount card, in comparison to veterans and the price of the same drug in Canada. Prevacid is \$111 under the Medicare card; it is \$53.90 in the VA hospitals; it is \$56 in Canada. Zocor is \$101 under the Medicare card; it is \$69 in a VA hospital; it is \$63.98 in Canada.

Seniors understand this. I met with them in Chicago yesterday. They understand what is happening here. This is an election year push to tell seniors across America they are going to get a discount. But they know better. They are wise in their years. They have seen a lot of politicians come and go. They are not going to be swayed by a discount card that offers little or no hope to bringing down the cost of these expensive drugs.

I have written a letter, along with a dozen colleagues, to Secretary Thompson, saying, For goodness sake, give seniors a grace period here. Don't tie

them down with a card that could be disastrous for them and their families. With a grace period, if they find out it is not a good deal, that would be fair to seniors—something the Medicare discount card is not.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ENZI). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

ORDER OF PROCEDURE

Mr. REID. Mr. President, under the time controlled by the Democrats, how much time does Senator LAUTENBERG have?

The PRESIDING OFFICER. There are 9½ minutes.

Mr. REID. I checked with the majority. I ask unanimous consent for an additional 5 minutes on our side for Senator SCHUMER, and we ask also that there be 5 additional minutes of morning business extended to the majority.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from New Jersey is recognized.

MEDICARE DISCOUNT DRUG CARDS

Mr. LAUTENBERG. Mr. President, I want to now discuss my concerns about the ads we are seeing regarding the new Medicare drug discount card. I think the ads are misleading, and I am getting a lot of inquiries from people at home about is this good for me or not. I think there is a fundamental mistrust about whether this is an idea whose time ought not yet come, because the citizens are saying it is starting in 2006, and this is obviously a lead-in to that. I think it can be described as a placeholder.

The card became available yesterday, but the administration is keeping seniors in the dark about the real benefits and weaknesses of the program. They have produced a television commercial that is hyping the card and are spending \$18 billion to show it across the country.

In this ad, there is a group of seniors in line at a pharmacy and the announcer says: "Good news for those with Medicare. You can get savings on prescriptions." They do it in the right mellifluous tone, just for those on Medicare. That is really all the announcer says about the card—"good news . . . you can get savings." That's it—all hype and no substance.

The television ad is almost a cruel joke on our Nation's seniors. Instead of providing real, needed information about the drug card, the administration has launched a PR campaign to boost the image of the card.