

# BIGGER THAN SOCIAL SECURITY CRISIS

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 8, 2005

Mr. KUCINICH. Mr. Speaker, I wish to bring the following article to the attention of my colleagues. This article discusses how the savings from creating a truly competitive market for prescription drugs, as is proposed by the Free Market Drug Act, could be used to eliminate any projected shortfall in Social Security. The American people demand that we focus our attention on the very real crisis that the soaring price of prescription drugs presents to their daily lives.

[From the Center for Economic and Policy Research, Apr., 2005]

BIGGER THAN THE SOCIAL SECURITY CRISIS: WASTEFUL SPENDING ON PRESCRIPTION DRUGS (By Dean Baker)

## EXECUTIVE SUMMARY

President Bush started a national debate on the future of Social Security when he announced his plan for private accounts shortly after the November election. In order to promote his plan, he has argued that Social Security faces a serious long-term funding gap.

It is easy to show that the projected funding gap for Social Security is relatively minor. The Social Security trustees estimate that the gap over the program's 75-year planning period is equal to 0.6 percent of GDP over this period. The non-partisan Congressional Budget Office (CBO) estimates this gap at 0.4 percent of GDP. By comparison, the increase in annual defense spending since 2000 has been equal to 1.0 percent of GDP, more than 1.5 times the size of the shortfall projected by the Social Security trustees and 2.5 times as large as the shortfall projected by CBO.

Given the size of the projected Social Security shortfall it is reasonable to argue that attention should be focused on bigger problems. One glaring example is the soaring price of prescription drugs, which is imposing huge costs on both the private and public sectors. This paper examines the relationship between the potential savings from creating a free market in prescription drugs and the size of the Social Security shortfall.

Specifically, it calculates the savings that the federal government could accrue in Medicare if drug research was publicly financed and then the resulting patents were placed in the public domain, as proposed in the Free Market Drug Act (FMDA). This would allow prescription drugs to be sold in a competitive market, like other products. By eliminating government imposed patent monopolies, drug prices would decline by approximately 70 percent.

This paper calculates that the savings to the federal government from having drugs sold in a competitive market could reach \$110 billion annually by 2014. By the end of the period (in 2080) the annual savings would be equal to 1.2 percent of GDP. The cumulative savings over the 75-year planning horizon would be \$3.3 trillion (in discounted 2005 dollars); this is slightly larger than the \$3.2 trillion Social Security shortfall projected by the CBO. In other words, if the federal government's savings on prescription drugs from the FMDA were attributed to the Social Security trust fund, it would be more than enough to make Social Security fully solvent over its 75-year planning period.

The enormous potential savings from developing a free market in prescription drugs

should be a powerful argument for moving in this direction in any case, but the possibility of using the savings to eliminate the projected Social Security shortfall could make the policy even more attractive. Of course, the savings to the private sector from having drugs sold in a free market would be even larger than the savings to the federal government.

However, the most important benefit is that the FMDA would eliminate the incentives that government patent monopolies create to conceal or misrepresent research findings, as was recently exposed with drugs like Vioxx and Celebrex. If research is no longer financed by government patent monopolies, the perverse incentives they create will be eliminated. This will lead to better health care, in addition to much lower drug prices.

## THE HIPAA RECREATIONAL INJURY TECHNICAL CORRECTION ACT

HON. MICHAEL C. BURGESS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 8, 2005

Mr. BURGESS. Mr. Speaker, I am pleased to join my colleagues Congressman BLUNT and Congressman STRICKLAND in introducing legislation that would prohibit insurers from denying payment to health plan participants for injuries sustained while engaged in certain recreational activities like horseback riding or motorcycling.

In January 2001, the Department of Labor, the Internal Revenue Service and the Health Care Financing Administration, issued a rule in accordance to the Health Insurance and Portability and Accountability Act of 1996 (HIPAA) that was designed to guard against discrimination in coverage in the group health market. These rules prohibited health plans from denying coverage to people who engage in recreational activities like horseback riding and motorcycling. However a loophole was created that allowed insurers to deny payment for services based upon the source of the injury.

The rule states that: "While a person cannot be excluded from a plan for engaging in certain recreational activities, benefits for a particular injury can, in some cases, be excluded based on the source of the injury." A plan could, for example, include a general exclusion for injuries sustained while doing a specified list of recreational activities, even though treatment for those injuries, a broken arm for instance, would have been covered under the plan if the individual had tripped and fallen.

This loophole creates a situation that is especially unfair to people who ride motorcycles, horses, snowmobiles, or any other form of motorized recreation. Millions of Americans enjoy these activities safely every year within the framework of state laws and utilizing proper safety precautions. Should something extraordinary occur resulting in an injury, these individuals deserve the same consideration when it comes to their medical expenses as every other American. They should not be denied payment for health services for the mere fact that the injury occurred on horseback or on a motorcycle.

The legislation that we are introducing today will remove any ambiguity when it comes to participation in certain recreational activities or

modes of transportation should an injury occur. I want to thank Mr. BLUNT and Mr. STRICKLAND for joining me on this legislation. I look forward to working with them along with the multitude of groups that have made this legislation such a high priority, especially the American Motorcyclist Association and the Motorcycle Industry Council. I urge all of our colleagues to join us as cosponsors and stand with America's riders.

## IN RECOGNITION OF MRS. DORETHA WARD KENT ON THE OCCASION OF HER RETIREMENT FROM WILSON COUNTY SCHOOLS

HON. G.K. BUTTERFIELD

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 8, 2005

Mr. BUTTERFIELD. Mr. Speaker, I rise today to honor an outstanding American citizen, Mrs. Doretha Ward Kent, on the occasion of her much deserved retirement. For 25 years, Doretha Kent faithfully and diligently served in various capacities with the Wilson County School System and as a community volunteer.

Mrs. Kent was one of three daughters born to William and Dora Ward of Stantonsburg, North Carolina. She attended Springfield High School and then further pursued her education at Wilson County Technical Community College where she received an Associate Degree in Computer Technology.

Mr. Speaker, Mrs. Kent dedicated 20 long years of her life as a Teacher's Assistant at Wells Elementary School where she nurtured and helped to develop the young minds of thousands of students. She spent five years as a Media Assistant at Beddingfield High School highlighting the positive activities of students. Mr. Speaker, I am certain that both educational institutions will truly miss the valuable services that Doretha Kent provided over the years.

In addition to being a dedicated public servant Mrs. Kent founded NC Love in Action, a medical assistance program aimed at helping disadvantaged citizens of Wilson County. She is a member of Mt. Zion FWB Church and serves on the Usher Board and Finance Committee.

My relationship with Doretha Kent is one of personal friend and fellow community leader. We have worked together for so long in our effort to improve the quality of life for all of our citizens. I am honored to sponsor this tribute on this occasion.

Mr. Speaker, I ask my colleagues to join with me in honoring this great woman of uncompromising moral integrity and devotion to God and community. Her service to her community, the State of North Carolina, and the United States of America are greatly appreciated.

## PERSONAL EXPLANATION

**HON. LORETTA SANCHEZ**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 8, 2005*

Ms. LORETTA SANCHEZ of California. Mr. Speaker, on Tuesday, June 7, 2005, I was unavoidably absent due to a previous commitment. Had I been present and voting, I would have voted as follows: on rollcall No. 228: "yes" on Final Passage of H. Con. Res. 44; on rollcall No. 229: "yes" on Final Passage of H. Res. 282.

## WITHDRAW FROM IRAQ

**HON. BARNEY FRANK**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 8, 2005*

Mr. FRANK of Massachusetts. Mr. Speaker, one the ablest Members of the current Congress, JIM MCGOVERN, has joined with one of the ablest Members in the history of the Congress, George McGovern to address the troubling issue of Iraq, and they make an eloquent case—with which I completely agree—that "the United States must now begin an orderly withdrawal of our forces from this mistaken foreign venture."

Mr. Speaker, it is our custom in introducing relevant material of this sort into this RECORD to put some gloss on the material entered. In this case, I feel absolutely no need to do this, because the authors—former Senator George McGovern and Congressman JIM MCGOVERN—do a superb job of explaining why we should pull out of Iraq. I will note that I join them not only in their basic argument, but in their note that as "earlier opponents of the U.S. invasion of Iraq . . . we hoped that our concerns would be proven wrong." None of us take any joy in the fact that this has worked out so much worse than the Administration had predicted, but we must draw the consequences from this mistake and not continue with a seriously flawed policy which drains us financially, costs the lives of our military, and makes the situation in the Middle East worse rather than better in so many ways.

Mr. Speaker, I ask that the essay by George McGovern and JIM MCGOVERN from the Monday, June 6 Boston Globe be printed here.

[From the Boston Globe, June 6, 2005]

## WITHDRAW FROM IRAQ

(By George McGovern and Jim McGovern)

We were early opponents of the U.S. invasion of Iraq. Nonetheless, once American forces were committed, we hoped that our concerns would be proven wrong. That has not been the case.

The United States must now begin an orderly withdrawal of our forces from this mistaken foreign venture.

The justification for the war was based on false or falsified information. What had been initially characterized by the Bush administration as an uncomplicated military operation has turned into a violent quagmire. Our leaders underestimated not only the insurgency, but also the deep-rooted ethnic divisions in Iraqi society.

There are no clear answers from the administration or the Congress on how long our forces will need to stay in Iraq, what the

anticipated costs in human life and treasure will be, or even what would constitute success.

Instead, many of our policymakers seem resigned to an open-ended occupation. Former Defense Undersecretary Paul Wolfowitz has told Congress that we will be there for at least another 10 years. It is common to hear even some who voted against the war say, "now that we're there, we have no choice but to stay."

We very much disagree. Calls to maintain the status quo echo the same rationale used to keep us in Vietnam. To those who contend that we would weaken our credibility if we withdraw, we believe that the Nation's standing would greatly improve if we demonstrate the judgment to terminate an unwise course.

Our continuing presence in Iraq feeds the insurgency and gives the insurgents a certain legitimacy in the eyes of much of the world. We know from our own history that armies of occupation are seldom welcome.

There have been elections in Iraq, and yet it remains unclear whether the different political, ethnic, and religious factions want to work together.

One thing, however, is clear: Washington cannot determine Iraq's destiny. It doesn't matter how many times Condoleezza Rice or Donald Rumsfeld visit. It doesn't matter how many soldiers we deploy. The myriad factions in Iraq themselves must display the political will to demand a system of government that respects the diversity that exists in their country.

There are no easy answers in Iraq. But we are convinced that the United States should now set a dramatically different course—one that anticipates U.S. military withdrawal sooner rather than later. We should begin the discussions now as to how we can bring our troops home.

The United States should accelerate and pay for the training of Iraqi security forces with the help of Egypt, Jordan, and other Arab allies. We can begin drawing down American forces to coincide with the number of trained Iraqi forces. By that measure, we should bring 30,000 of our troops home now.

President Bush should consult with the current Iraqi government and other Arab nations about the necessity for an Arab-led security force to complement the Iraqis in the short term. Again, the United States should finance this effort.

We should also work with the United Nations to solicit ideas and assistance from the international community on how we can best disengage.

There are no guarantees that militarily withdrawing from Iraq would contribute to stability or would not result in chaos. On the other hand, we do know that under our occupation the violence will continue. We also know that our occupation is one of the chief reasons for hatred of the United States, not only in the Arab world but elsewhere.

Wars are easy to get into, but hard as hell to get out of. After two years in Iraq and the loss of more than 1,600 American soldiers, it is simply not enough to embrace the status quo.

We are not suggesting a "cut-and-run" strategy. The United States must continue to finance security, training, and reconstruction.

But the combination of stubbornness and saving face is not an adequate rationale for continuing this war. This is not a liberal or conservative issue. It is time for lawmakers in Washington—and for concerned citizens across the Nation—to demand that this sad chapter in our history come to an end and not be repeated in some other hapless country.

The path of endless war will bankrupt our treasury, devour our soldiers, and degrade

the moral and spiritual values of the Nation. It is past time to change course.

## TRIBUTE TO CAPTAIN STEVEN C. MILLER, USN

**HON. KEN CALVERT**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 8, 2005*

Mr. CALVERT. Mr. Speaker, I rise today to recognize and honor Captain Steven C. Miller, United States Navy, for his twenty-six years of active duty service to our country. He is the Commanding Officer of the Naval Surface Warfare Center in Corona, California and will retire on June 17, 2005.

Captain Miller graduated from the United States Naval Academy in 1979. After being commissioned as an officer he embarked on an extraordinary active duty career as a Surface Warfare Officer. He has deployed throughout the world in support of America's global naval presence and power projection. Captain Miller has served as a Surface Warfare Officer on destroyers, frigates and cruisers. He was the Executive Officer of the USS *Ticonderoga* (CG 47) when she went to war in support of Operation Desert Shield and Desert Storm in 1990 and 1991. Captain Miller was hand picked to be the first Commanding Officer of the USS *Stethem* (DDG 63) when she entered service in 1995. Under his leadership, the crew of the *Stethem* earned the coveted Battle "E" award for combat readiness in the first year of the ship's service.

Besides being a true warrior at sea, Captain Miller has had a distinguished career ashore. He has served in the office of the Chief of Naval Operations as the Executive Secretary for Joint Chiefs of Staff Affairs and as the Flag Secretary for the Commander Naval Surface Force, U.S. Atlantic Fleet. Following his command tour on the USS *Stethem*, Captain Miller shaped the future of the Navy's surface combat force while working on the program start of the DD(X). This new destroyer program will lead the Navy into the twenty-first century. Captain Miller has earned a Master's Degree in National Security Strategy at the Naval War College and qualified as a U.S. Navy Acquisition Professional.

I first met Captain Miller when he assumed command of the Naval Surface Warfare Center in my district. NSWC, Corona provides independent assessment and testing and evaluation to the fleet on weapons systems and operations and provides quality control for the tools our Navy uses to fight the Global War on Terrorism. I have come to know him as a strong leader who accomplishes the mission and takes care of his people.

Captain Steve Miller has done much to preserve our way of life. Our country, our Navy and my community have benefited from his selfless service. He is a fantastic example for today's young people who want to serve their country and for those who dream of attending one of our service academies. He has earned my many thanks. I wish him well in his retirement from the Navy and all his future endeavors.