The changes I believe and others espouse is that foreign or outside pressure will not be that which is the catalyst for change in China. It will be what is inside that comes from the people, that comes from the heart, which comes from their own ingenuity, which comes from their own spirit for freedom. And if we are able to match our can-do attitude, American ingenuity, with Chinese desire, we can create a catalyst that will change even the coldest heart. It is these things that America needs to stand for.

Mr. DREIER. Mr. Speaker, reclaiming my time, that is why it is so important to recognize that we should not considering withdrawing the one good thing which is encouraging that reform there. It is the Chinese people who are going to in fact lift themselves up and improve their standard of living so that they are able to buy more U.S. goods and services, and if we decide that we are going to pull up the drawbridge and erect some kind of barrier, letting the rest of the world into that market but cutting the United States of America out, we would be, for lack of a better term, cutting off our nose to spite our face.

I believe that if we look at a tiny spot of 24 million people, the Island of Taiwan, known as the Republic of China, where Chiang Kai-Shek in the latter part of the 1940s, 1949 fled trying to get away from the Communism that had taken over in China. This is a wonderful, wonderful spot, and these are people who have desperately sought and have now been able to successfully obtain freedom, and they unfortunately are being targeted often by Beijing, and it is wrong.

I am a strong supporter of the Taiwan Relations Act we passed. And I voted for the Taiwan Security Act here, but it is important to note that the candidate who, according to news reports, was the least desirable candidate on the part of Beijing was elected President of Taiwan. His name is Chen Shui-bian and he had an interview with the Los Angeles Times the morning after his election, and in that interview he said that one of the most important things that needed to take place was for the People's Republic of China to become a member of the World Trade Organization.

Taiwan is, as I say, a small island with 24 million people, juxtaposed to the nearly 1.3 billion people in the People's Republic of China, but they stand for the things that we as Americans embrace, and something that I like to point to is the fact that they are playing a role just as the United States is in extending freedom throughout China, because there are 46,000 businesses on the mainland that are owned by Taiwanese nationals.

They, too, are working to pursue that, to encourage the people of China, to improve their standard of living, so they will be able to again be the beneficiaries of the U.S. manufactured goods and services which we finally achieve as they lower those tariffs and live with the rules based trading system in China by opening up their markets for us.

I think that Ronald Reagan, and I was honored to have been elected to the Congress the same day he was elected President of the United States back in 1980, and he said, if we give people a taste of freedom, they will thirst for more, and that is why when I said earlier that the genie is out of the bottle, the people of China are getting a taste of freedom, and the technological changes which have taken place here in the United States and throughout the world have eliminated so many of these barriers that existed in the past.

Thank heavens that genie is out of the bottle and so they have gotten that taste of freedom, and it is obvious that the people of China are thirsting for more. And so it would be a great disservice if we as the greatest Nation on the face of the Earth, the symbol of freedom for the world were to say you go it on your own and we are not going to stand up for the principles that make this country so great.

I thank my friend for his very thoughtful contribution. I know that he is here, and we in about 3½ hours are going to be meeting in the Committee on Rules on the Department of Defense authorization bill, and we have got lots of work ahead of us. As I said at the outset, this is the most important vote that we will cast at least in this session of Congress.

I hope very much that the American people will understand how key this is to our global leadership and the need for us to maintain our economic prosperity and will urge my colleagues to vote in support of it.

GENERAL LEAVE

Mr. DREIER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4205.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

HIGH COSTS OF PRESCRIPTION DRUGS FOR SENIORS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Maine (Mr. ALLEN) is recognized for 60 minutes as the designee of the minority leader.

Mr. ALLEN. Mr. Speaker, many of my Democratic colleagues tonight are headed to Michigan to be with our colleague, the gentleman from Michigan (Mr. STUPAK) and his family in a moment of great trial for them. The Stupaks have suffered the tragedy most feared by all parents. They have lost one of their sons, and our thoughts and our prayers are with them tonight.

Mr. Speaker, I am here tonight to talk about the problem that many of our seniors are facing with the high costs of prescription drugs. This is a problem that is becoming more and more apparent to a majority of Americans.

Seniors in my home district in Maine and across the country are finding it increasingly difficult to pay for the drugs that their doctors tell them they have to take. And over the last 2 years, as I have listened to people in my district, as I have conducted studies in my district that show that seniors pay on average twice as much for their medications as the best customers, the pharmaceutical companies, that is, the big hospitals, the HMOs and the Federal Government itself through Medicaid or the VA, as those studies have rolled out first in Maine and then around the country, we have had more and more correspondence, more and more phone calls from people who say they simply cannot do it any more.

They cannot take their medication because they cannot afford their medication. I have had letters from women who tell me I do not want my husband to know, but I am not taking my prescription medication, because he is sicker than I am, and we both cannot afford to take the medicines that our doctors say we must.

I have had letters from people who describe how much they are paying, in many cases hundreds of dollars a month, when their only income is a Social Security check for $650 a month. The math does not work. They cannot make it. And I regret to say that the response in this Congress has not been fast enough. It has not been quick enough to deal with this particular problem.

Part of the answer lies in the tremendous power of the pharmaceutical industry, this industry which has done so much good in this country, developed new medicines that prolong lives, that enhance the quality of life for so many people in this country, if, and only if, they can afford to take the medication that the industry has developed.

Here in Washington, this is the industry that spends the most in campaign contributions, that spends the most in lobbying, and anyone who watches television knows this is an industry that spares no expense when it comes to advertising its products on TV or trying to influence public opinion through TV. When we watch those ads, $1.9 billion last year in direct-to-consumer advertising, all of that costs gets wrapped into the costs of the pills that our seniors and that others need to maintain their quality of life and simply to stay out of the hospital.

We need to take some action, and there are two ways to go at this problem fundamentally, two sensible ways to go at this problem. One is to update Medicare and to provide a prescription drug benefit under Medicare. When Medicare was created in 1965, over 50 percent of our seniors had absolutely

no coverage at all for their hospital coverage. They had no health insurance at all.

So if they got sick and had to go to the hospital, they either had to pay out of their own pocket or they could not get the care that they needed. That is why Medicare was enacted. And today in the year 2000, no one in his right mind would create a system like Medicare and not provide prescription drug coverage.

Many employees across this country have coverage for their prescription drugs, but then they get to 65, they retire, they fall under Medicare, and they do not have coverage for their prescription drugs. Some get Medigap policies, about 8 percent get Medigap policies, but they have limits on the amount of the benefit that they provide and they are often very expensive.

Mr. Speaker, 37 percent of seniors in this country have no coverage at all for prescription drugs and when we add those who do not have any coverage to those who have Medigap insurance, to those who have some coverage of prescription drugs through an HMO plan, that group is again 50 to 60 percent of the country which really does not have adequate coverage.

Why do I say that those who are covered by Medicare Plus, Choice or other managed care plans do not have adequate coverage? Well, look at what happens with these private sector plans. What happens is that the benefits change every year. And lately the benefits have been going down. The cap on prescription drug coverage has been going down each year. And today 62 percent of all Medicare managed care plans have an annual benefit of a $1,000 or less.

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Now, people need help. We have got a couple of different approaches here that I will talk about a little later: One, an approach to create a benefit under Medicare; secondly, a bill that I have sponsored and has 153 cosponsors in the House, to provide a discount to everyone who is a Medicare beneficiary who buys prescription drugs and pays for it out of his or her own pocket, a discount for everyone. That is one approach; the benefits another.

What I wanted to start with tonight are some of the new developments that are occurring. Today, on the floor of the House we have the defense authorization bill, and this is a very important piece of legislation, $310 billion to provide for our national security. It covers a wide range of different topics. And what I want to do is to reflect on one of the provisions in that legislation. It is a provision to extend pharmaceutical benefits to military retirees over the age of 65.

Now, as I have said, prescription drug coverage is a vital issue for all seniors, and I am pleased that the Committee on Armed Services, on which I sit, has made a small but important contribution to provide affordable and meaningful coverage to a segment of the Medicare eligible population. What we need to do is go beyond providing this benefit to military retirees, which I support, to make sure that everyone on Medicare has this kind of benefit.

Now, to describe the military retiree program, the TRICARE Senior Pharmacy Program in the bill would allow all military retirees to participate in the Department of Defense pharmacy program. And under that government-run prescription drug benefit, the Defense Supply Center in Philadelphia negotiates prices for its beneficiaries that are as low or lower than those obtained by other Federal agencies.

Now, the Defense Supply Center receives some drugs off the Federal supply schedule and negotiates pricing agreements with more than 200 pharmaceutical manufacturers around the country and uses as a starting point the 24 percent mandated discount that is specified in the Veterans Administration statute. The Department of Defense estimates that these negotiated prices are 24 to 70 percent lower than the average private sector price.

Now, the bill I have does much the same, gives the same kind of discount to all Medicare beneficiaries, not just military retirees. What it does is it allows pharmacies to buy drugs for Medicare beneficiaries at the best price given to the Federal Government, and that best price is usually a price obtained through the Veterans Administration or a price obtained by Medicaid.

Now, what we have done in this defense authorization bill is very much like the Democratic Medicare prescription drug plan. The TRICARE Senior Pharmacy Program is administered by a Federal agency and basically makes good on a part of the government's promise to provide health care for life for military retirees, only, unfortunately, part of the promise, and the promise to provide health care for the over 65 population at large.

Now, the TRICARE Senior Pharmacy Program uses the government's volume purchasing power to negotiate and achieve the same drug price discounts that favored large purchasers obtain. This is very different from the Republican plan which is emerging from this Congress. This program, unlike the Republican plan, does not throw military retirees to the whims of the private insurance market, leaving them guessing about whether they can get prescription drug insurance from an industry that says it cannot offer such insurance anyway.

Let me make that point clear. What we believe will be the Republican prescription drug plan, after 2 years of talking about this issue on our side of the aisle, the Republicans are believed to be coming up with a plan that involves a government subsidy to seniors to buy private prescription drug insurance. There are a couple of problems with this approach.

Number one, there is no cost containment, no way to hold down prices, and no leverage over price, which means that probably drug prices will go up.

But there is a second problem. As the head of the Health Insurance Association of America has said, insuring seniors against prescription drugs is like covering people for haircuts. There are too many claimants. Everyone is a claimant. The industry is basically saying, we are not going to provide stand-alone prescription drug insurance, and yet that is what the Republican prescription drug plan is based on, both in the Senate and here in the House. And you cannot get there from here, as we say in Maine.

So I am arguing that military retirees deserve the kind of coverage that is set forth in this defense authorization bill that we discussed today and will vote on tomorrow, but I do ask all people in this Congress and across the country this question: If Congress can provide a government administered prescription drug benefit with the Defense Supply Center in Philadelphia negotiating lower prices, why can we not do the same thing for all of the Medicare population across the country? If Congress can give 1.4 million Medicare eligible military retirees access to the best prices that the government can negotiate, why can Congress not give the other 38 million American seniors the same access to the best prices that the government can negotiate?

I mean, this is very, very simple. Here we have a plan, a discount plan, reflected in my bill, which is H.R. 664, the Prescription Drug Fairness for Seniors Act, which involves no significant Federal expense, involves no new bureaucracy, but would provide seniors with up to a 40 percent discount on their prescription drug prices simply by organizing seniors into a block to negotiate lower prices. This is exactly what happens in the private sector. Aetna, Cigna, United, the Blue Cross plans, all of the private sector health care plans negotiate lower prices for their beneficiaries. Why should Medicare not do the same?

Well, I can tell my colleagues what is happening here. What is happening here is the pharmaceutical industry is saying this is price controls. This is price controls. And my argument is nonsense. It is not true. Because what we are talking about is a price that is negotiated and that reflects a price that is a percentage below what is called the average manufacturer's price, which is a market price. The pharmaceutical industry controls that. All we are saying is there is no reason, there is no reason why seniors in this country should pay the highest prices in the world.

This problem, in summary, is very simple. The most profitable industry in the country is charging the highest prices in the world to people who can least afford it, people without coverage for their prescription drugs. And in this country seniors are 12 percent of the population, but they buy 33 percent of all prescription medications. That is

why we have a national crisis, that is why this is a national scandal, and that is why it needs to stop.

One of the recent developments besides the defense authorization bill is what has happened, I am proud to say, in my home State of Maine. The State legislature and the Governor have agreed on a bill which breaks new ground. It is very much like the bill that I have introduced here and which has 153 cosponsors, unfortunately no Republicans yet, but in Maine what the State legislature has done is basically to provide that the State of Maine will, in effect, be what is called a pharmacy benefit manager. The State will negotiate lower prices for 350,000 people in Maine who today have no prescription drug coverage.

It is very simple. Buy in bulk and save money. Very simple concept. Since these people have no insurance plan to negotiate for them, they will get something called the Maine RX card, and the State Department of Health and Human Services will negotiate lower prices with the pharmaceutical industry for those people in Maine. We are confident that we can get lower prices because the State will be representing so many different people.

Now, once again the pharmaceutical industry is saying this is a terrible step to take, but people are fed up. People are fed up in Maine and they are fed up around the country. They know that price is the problem. They know that this industry charges the highest prices in the world to people here.

Let me elaborate on that for a moment. The study that I did first in Maine and now has been replicated in probably 140 districts around the country showed that seniors, on average, pay twice as much for their medications as the drug companies' best customers. And the best customers, as I said, are the big hospitals, the HMOs, and the Federal Government itself. That study was done first in July of 1998.

In October of 1998, I released a second study, and it was the first to do these international comparisons. What it showed is that Mainers pay 72 percent more than Canadians and 102 percent more than Mexicans for the same drugs in the same quantity from the same manufacturer. There is no justification for that. None.

The fact is that the industry charges whatever the market will bear. And because seniors, and more generally people who do not have prescription drug insurance, are not organized, do not have anyone to negotiate for them, they pay the highest prices in the world. It needs to stop, and Maine is doing something about that.

What is going on here in Congress is also worth noting. What the Democrats have done is come up with a plan, it was announced last week, a plan in which the Senate Democrats, the Clinton-Gore administration, and the House Democrats can agree. That plan is simple. It provides a universal but voluntary prescription drug benefit under Medicare. Enrollment is voluntary but anyone can sign up when they are ready to enroll in Medicare. The coverage basically works this way. There are two parts to the coverage. First, the basic benefit and, secondly, a catastrophic benefit.

The basic benefit works like this: At the beginning, for a small monthly fee, an individual will get a reimbursement for up to $1,000 on a 50 percent copay basis for their prescription drugs. In other words, if an individual spends $2,000 on prescription drugs in the course of a year, and many seniors do, they will be reimbursed $1,000 from the Federal Government. Not reimbursed, but the Federal Government will pick up 50 percent of the cost as they go along. If at some point they hit $3,000 in out-of-pocket expenses, at that point our plan will pick up all of the subsequent costs. Medicare will pick up all of the subsequent costs.

What we are trying to do is make sure that those who are hurt the most get the most help, but that everyone benefits. And everyone benefits in another way as well, because the discount concept, which is reflected in my legislation, has been incorporated into this Democratic Medicare Prescription Drug Act of the Year 2000.

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Because for those people, when they are not entitled to a benefit, when they run over the price a bit, then they still get a discount, they still get the buying power of Medicare behind the price. So there will be a negotiated reduction in price.

Now, the important thing is the goal, and the goal is very simple. We would use private-sector pharmacy benefit managers to administer this particular plan. And that is what they do for Aetnas, the Cignas, the United HealthCares of the world right now. But they would be charged, very clearly, with getting the same deal for Medicare beneficiaries as they do for their own.

In other words, the goal is simple. We are going to get the best price for Medicare beneficiaries. And within 2 years, there would be a review by the GAO to see whether or not the Health and Human Services is meeting that goal. It is very important that we meet that goal. And if we do not, then we will have to go back and try another approach.

There are benefits here for employers. Because employers who are now providing drug coverage to their employees would get an incentive payment to keep continuing that coverage. And there is low-income protection, as well. Some people simply cannot afford their prescription medication at all.

So for those below 135 percent of the poverty line, what the Democratic plan does is provide all the co-pays and all of the premiums, so that at that level people would get the full coverage for their prescription drugs. Between 135 percent of the poverty level and 150 percent of the poverty level there would be a subsidy-based on a sliding scale.

But the important point is this: Everyone would get the benefit of a discount and everyone would get covered under Medicare. That is very different from the Republican plan, because the Republican plan really relies on private-sector insurance companies. And if we know one thing about private health care insurance, it is that the premiums change every year. In fact, they almost always go up every year.

Talk to any small businessman or woman, talk to any of the self-employed around the country today and what they will say is, my premiums went up 15 percent, 20 percent, 25 percent, 30 percent this year and about the same amount the year before. They cannot afford it.

The small business community is having a terrible time affording health care and largely because of the rapid increase in the prices of prescription drugs. We have to get some control over this system, some level over the system, some ability to hold down prices so that small businessmen and women can afford their health care premiums, and seniors in this country can afford to buy the drugs that their doctors tell them they have to take.

Now, this is, as I have found, a very long struggle, a very long struggle. What is going to happen, I suspect, over the next few months, is we will have a lot of battles back and forth over whose plan is best. But it is clear now that there is a growing consensus that we have got a problem, we have got a major problem, not a small problem, but a major problem for millions of Americans all across this country.

And their problem does not vary with their income. This is not a case where we can say, well, let us help those who are low income, because there are lots of Americans, middle-income seniors, who cannot afford their prescription drugs because their prescription drug costs are so high.

The size of their problem depends less on their income and more on the amount of prescription drugs that their doctor tells them they need to take. That is the problem. So we have to deal with price. We have to deal with price.

To contrast for a moment what appears to be the Republican plan with the Democratic plan, the Democratic plan is designed to cover everyone both with a benefit and with a discount.

The Republican plan is aimed primarily at low-income beneficiaries. The Democratic plan has a way to contain costs, to use pharmacy benefit managers contracting with Medicare as a way to negotiate lower prices with the pharmaceutical industry. The Republican plan relies on private insurance companies, which have not been successful at holding down costs. There is no real cost containment in that plan.

Thirdly, the Democratic plan is an improvement in updating of Medicare, the foundation of health care for seniors, one of the most successful programs that we have that the Federal Government has ever adopted, a plan that needs to be strengthened and reformed but not weakened. The Republican plan relies on private insurance companies.

What we need in this country for our seniors is stability and continuity and predictability. We do not want plans where every year the co-pay changes, the benefit level changes. And in many cases, as we are finding with Medicare managed care, whole areas in this country are simply dropped by the insurance industry.

That is not what we want in Medicare. We want stability and continuity and predictability and equity in this system. That is what we need and that is what we can get with the Democratic prescription drug plan.

I urge everyone who cares about this issue to make their voices known.

One of the things I found in my 4 years in this place is that what we do here depends on the amount of public energy, public concern outside these halls. This is a case where those who care about this issue need to speak up.

In the weeks and months ahead, what we will find in this debate, I believe, fundamentally is that we can find common ground, if not this year, next year. But we need to reach across the aisle and come to a conclusion about how best to approach this particular problem.

People who cannot afford their prescription drugs are Democrats, Independents, Republicans. They are people from all walks of life, all parts of the country. And this is a case where although we have partisan differences over proposed solutions, we do not have partisan differences over the problem. The problem is the same for everyone.

If we can find a way to work across the aisle to pull these two different approaches together, then I think we can find success, as others have done in this House on a Patients' Bill of Rights and in other areas. We can do it with prescription drugs, as well.

NORMAL TRADE RELATIONS WITH CHINA

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 6, 1999, the gentleman from Iowa (Mr. GANSKE) is recognized for 60 minutes.

Mr. GANSKE. Mr. Speaker, I am going to talk tonight about the vote that the House is going to make next week on extending permanent normal trade relations to China.

Capitol Hill is abuzz about this vote which we are going to make next week. It seems that everyone and their uncle has been lobbying on this issue.

Goldie Hawn, the actress, has been wandering the halls of Congress. She is against; while Jesse Ventura was in the East Room of the White House. He is for.

In my opinion, Mr. Speaker, this vote will be the most important trade vote in a long, long time, and undoubtedly, the most important agriculture vote this year.

President Clinton said last week, ''If the Congress votes against it, meaning permanent normal trade relations, they will be kicking themselves in the rear 10 years from now because America will be paying the price.''

The President suggested that lawmakers who oppose the measure are focusing on politics rather than its merits. The President said, ''Virtually 100 percent of the people at the other end of Pennsylvania Avenue,'' meaning Capitol Hill, ''know it is the right decision.''

Well, Mr. Speaker, our country has benefitted greatly from the growing international marketplace and American efforts to reduce tariffs and trade barriers.

For example, between 1993 and 1998, my own State of Iowa had its exports increased nearly 75 percent. Export sales from the capital city of Iowa, Des Moine, alone totaled nearly half a billion dollars in 1998. And this growth was a two-way street.

My State has attracted more than $5 billion in foreign investment. International trade supports thousands of jobs in my home State and thousands, if not millions, of jobs across the country.

My State's economic growth depends on international trade. But Iowa is not unique. Iowa is right in the middle of the country. There are other States on both coasts where there is shipping and exports, where exports are even more important.

Now, my State has agriculture as an agricultural industry, but we also have a strong financial services industry and a strong manufacturing industry. I think my State is typical of States all across the country.

China very much wants to get into the World Trade Organization, the WTO. Last fall the United States completed a trade agreement by which we would welcome China into the WTO. Under that new trade agreement, China makes significant concessions that are important to American farmers and businesses.

Under this new agreement, China agreed to reduce its tariffs on American goods in order to get U.S. support for accession into the World Trade Organization. Chinese tariffs will drop from an average of 24.6 percent in 1997 to an average of 9.4 percent in the year 2005. That is a 62 percent drop in tariff rates on most of our products that we are trying to get into China.

In addition, China agreed to phase out most import quotas by the year 2005, making these new tariff rates applicable to most products regardless of quantity. China also agreed to allow American businesses to sell directly to the Chinese public.

This agreement cuts out the interference of Chinese middlemen or Chinese trading enterprises that are often corrupt. This new agreement means American companies will be allowed to provide maintenance and service for their products.

China conceded on agricultural trade matters things that are very important to our Nation's agriculture. China agreed to lower the average tariff on American agricultural products from nearly 40 percent to 17 percent. In addition, China will lower its tariffs on pork, beef, and cheese to 14.5 percent.

China also agreed to accept the U.S. Department of Agriculture's certification that American meat and poultry are safe. What this means is that China will now open its markets to U.S. pork, beef, and poultry access, which has been denied because of China's unscientific claim that our products were not safe.

This is important for many, many States, not just my own, many States, I might add, where there are some other considerations for legislators to think about in terms of voting against permanent normal trade relations.

China consumed more than 77 billion pounds of pork in 1998. And as its population of more than one billion people increases, so will its need for pork, U.S. pork.

China also agreed to eliminate oil seed quotas and gradually increase the quota for corn to 7.2 million metric tons each year. By comparison, in the last 10 years' total, China imported a mere 6 million tons of American corn. China also pledged not to provide export subsidies for its agricultural products.

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All of these are very significant concessions on the part of the Chinese. In sum, the Chinese are opening up their market. They are easing their quota restrictions. They are reducing their tariffs. And they are agreeing not to subsidize their own products. These agricultural provisions hold the promise of significant growth for our country's farmers.

Another treaty component important to our country is insurance and financial services. We just passed a bipartisan bill on financial services reform so that our financial services industry in this country can compete in a global market. This new treaty with China will help us get our financial services industry into China. My State, for example, is a leader in insurance, not just agriculture. Currently, foreign insurance companies are allowed to operate in only two cities in China. The bilateral agreement will remove all geographic limitations for insurance companies within 3 years. Within 5 years, American insurers will be able to offer group, health and pension insurance which represents the majority of premiums paid. American firms will be allowed 50 percent ownership for life insurance and will be allowed to choose