quality of each production and performance, while keeping in mind each school's budget and available resources. This annual competition awarded four students who reside within California's 16th district.

Tommy is a student from Live Oak High School. He won the Best Student Lighting Design award for his work in "Fiddler on the Roof".

The High School Music Theatre HONORS awards promote artistic creativity in a way that is vital to a youth's development. The performances that these youth stage are extremely labor intensive, and promote discipline, team work, and dedication. High School Performing Arts programs are generally underfunded and have been greatly reduced in recent years. I recognize the hard work, time, and energy that these students and teachers put into these productions.

I am proud to stand here today and recognize Tommy for his accomplishments. I urge him and all students to continue to take interest in the performing arts.

## FINANCING DRUG RESEARCH: WHAT ARE THE ISSUES?

### HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 8, 2005*

Mr. KUCINICH. Mr. Speaker, I would like to bring the following article to the attention of my colleagues. The article details the reasons that the U.S. pays excessively high prices for prescription drugs. The Free Market Drug Act gets at the heart of the problem outlined below.

[From the Center for Economic and Policy Research, Sept. 21, 2004.

FINANCING DRUG RESEARCH: WHAT ARE THE ISSUES?

(By Dean Baker)

EXECUTIVE SUMMARY

Rising drug prices are placing an ever larger burden on family budgets and the economy. The Center for Medicare and Medicaid Services estimates 2004 expenditures at $207 billion (more than $700 per person), and projects that annual spending will grow to more than $500 billion by 2013 (more than $1,600 per person). The immediate cause of high drug prices is government granted patent monopolies, which allow drug companies to charge prices that are often 400 percent, or more, above competitive market prices.

Patent monopolies are one possible mechanism for financing prescription drug research. Rapidly increasing drug costs, and the economic distortions they imply, have led researchers to consider alternative mechanisms for financing drug research. This paper outlines some of the key issues in evaluating patents and other mechanisms for financing prescription drug research. It then assesses how four proposed alternatives to the patent system perform by these criteria.

The most obvious problem stemming from patent protection for prescription drugs is the huge gap it creates between the cost of producing drugs and the price. In addition, to making drugs unaffordable in many cases, high drug prices also lead to enormous economic inefficiency.

Patent monopolies cause economic distortions in the same way that trade tariffs or quotas lead to economic distortions, but the size of the distortions are far greater. While trade barriers rarely increase prices by more than 10 to 20 percent, drug patents increase prices by an average of 300–400 percent above the competitive market price, and in some cases the increase is more than 1000 percent. Simple calculations suggest that the deadweight efficiency losses from patent protection are roughly comparable in size to the amount of research currently supported by the patent system—approximately $25 billion in 2004. Projections of rapidly rising research costs, and therefore a growing gap between price and marginal cost, imply that the deadweight loss due to drug patents will exceed $100 billion a year by 2013.

As economic theory predicts, government granted patent monopolies lead not only to deadweight efficiency losses due to the gap between the patent protected price and the competitive market price, but also to a variety of other distortions. Among these distortions are:

(1) Excessive marketing expenses, as firms seek to pursue the monopoly profits associated with patent protection—data from the industry suggests that marketing costs are currently comparable to the amount of money spent on research; (2) wasted research spending into duplicative drugs—industry data indicates that roughly two thirds of research spending goes to developing duplicative drugs rather than drugs that represent qualitative breakthroughs over existing drugs; (3) the neglect of research that is not likely to lead to patentable drugs; (4) concealing research findings in ways that impede the progress of research, and prevent the medical profession and the public from becoming aware of evidence that some drugs may not be effective, or could even be harmful.

In addition, the patent system for financing prescription drug research poses large and growing problems in an international context. Disputes over patent rules have increasingly dominated trade negotiations. Furthermore, problems of enforcement have persisted even after agreements have been reached. These problems are likely to worsen through time, as the pharmaceutical industry seeks to increase the amount of money it extracts from other countries through patent rents.

This paper examines four alternatives to the patent system:

(1) A proposal by Tim Hubbard and James Love for a mandatory employer-based research fee to be distributed through intermediaries to researchers (Love 2003); (2) A proposal by Aidan Hollis for zero-cost compulsory licensing patents, in which the patent holder is compensated based on the rated quality of life improvement generated by the drug, and the extent of its use (Hollis 2004); (3) A proposal by Michael Kremer for an auction system in which the government purchases most drug patents and places them in the public domain (Kremer 1998); and (4) A proposal by Representative Dennis Kucinich to finance pharmaceutical research through a set of competing publicly supported research centers (Kucinich 2004).

All four of these proposals finance prescription drugs in ways that allow most drugs to be sold in a competitive market, without patent monopolies. These proposals also would eliminate many of the economic distortions created by the patent system.

These proposals, along with other plausible alternatives to the patent system, deserve serious consideration. Current projections for drug spending imply that patent supported prescription drug research will lead to ever larger distortions through time. For this reason, it is important to consciously select the best system for financing prescription drug research, not to just accept the patent system due to inertia.

## HONORING ANN LOWRY MURPHEY

### HON. JIM DAVIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 8, 2005*

Mr. DAVIS of Florida. Mr. Speaker, I rise in honor of Ann Lowry Murphey, a tireless public servant who lost her struggle with cancer last month.

Ann truly left no stone unturned in her quest to improve the Tampa Bay community. She energetically led a host of charitable and community organizations, and in attempting to highlight Ann's causes, any tribute will inevitably fail to recognize all of her contributions.

A faithful servant of God, Ann was a longtime parishioner and member of the vestry of St. John's Episcopal Church. A supporter of the arts, Ann was active with The Tampa Philharmonic and The Museum Society at the University of Tampa. As a successful businesswoman, she served on the board of First Citizens Bank and Barnett Bank of Tampa and as Vice President of Murphey Capital. Ann worked on the Judicial Nominating Commission for the 13th Circuit and was on the board of governors of the Greater Tampa Chamber of Commerce. And Ann never just participated in any activities—she was a supreme doer and always a leader.

Throughout her years, she was president and Sustainer of the Year of The Junior League of Tampa, president of the Lowry Family Foundation and served on the board of directors for The H. Lee Moffitt Cancer Center & Research Institute. And in 1992, for all her hard work, the Tampa Civitan Club gave her the Citizen of the Year Award.

But above all these contributions, Ann will be best remembered for her work on behalf of children—in particular, her efforts to transform The Children's Home. Whether she was serving as the organization's president of the board of directors, chairwoman of the board of trustees, associate director or director of development, Ann was constantly working not only to improve the quality of care that The Children's Home provides, but also to spend as much time as she could with the children who depend on these services. For all her efforts, it was fitting that last year Voices for Children chose Ann as the first recipient of its Guardian Angel Award.

Through all her work, Ann was an unstoppable, passionate force for change. There were no bounds to her compassion and generosity. She was truly a blessing to the whole community.

On behalf of all of those who benefited so greatly from her tireless efforts, I would like to extend my deepest sympathies to Ann's loved ones. Ann shared so much with us. We can only try to follow in her footsteps and do our best to live up to her very high standards.

## HONORING MS. BETTY B. MICHALIGA

### HON. JAMES P. MORAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 8, 2005*

Mr. MORAN of Virginia. Mr. Speaker, I rise today to honor Ms. Betty B. Michaliga, a resident of Virginia's 8th Congressional District