in annual U.S. sales. Last year, Schering lobbied the Senate for an amendment to omnibus patent reform legislation granting outright five-year patent term extensions for a number of drugs, including Claritin. In 1996, Schering tried unsuccessfully to attach Claritin patent extensions to the omnibus appropriations bill, the continuing resolution and the agriculture appropriations bill. In the first half of that year alone, Schering spent over $1 million in lobbying the Congress.

Schering's proposal is a terrible deal for consumers. It would require the Patent Office to adjudicate patent extensions for drug companies who have experienced regulatory delays at FDA. In reality, it is a backdoor opportunity for companies to undercut the scientific judgment of the FDA and its expert advisory committees.

What Schering calls ''regulatory delay'' is the time needed by our public health agencies to ensure drug safety and efficacy. Often, a company will cause its own delays through miscalculations, complications in its research and new questions about its products. Schering claims that the approval of Claritin was subject to regulatory delay. The company never mentions that its delay resulted from the unexpected discovery that Claritin might cause cancer.

Mr. Speaker, putting the Patent Office in the position of trying to second guess the FDA and its expert advisors on Claritin's possible carcinogenicity would be like having the IRS deciding which research proposals should be funded by NIH.

This proposal would also burden the Patent Office with meritless cases like Claritin. The Patent Office has limited resources and crucial responsibilities. It does not have time to coddle companies like Schering when patents for breakthrough technology are awaiting approval.

Even worse, this proposal would cost taxpayers millions of dollars in additional health care spending for Medicaid, Veterans health programs, the Defense Department and Public and Indian Health Services. Private insurers and HMOs will have to pay higher prices for drugs like Claritin. And ordinary consumers, especially older Americans, will have to pay much more out of pocket for their medicines.

Let me make a final point about this proposal. I am the coauthor of the 1984 Waxman-Hatch Act. The Act grants patent extensions to drug companies for the patent time expended obtaining FDA approval. One of the points of the 1984 Act was to stop companies like Schering from lobbying Congress for patent extensions. It has been very successful, with the exception of rogue companies like Schering.

In fact, I seriously doubt that Schering has told anyone that it already received a 2-year patent extension under this law. The company just wants another pass at the trough.

Lobbying efforts like Schering's are bad for the consumer. They also do harm to the 1984 Act, which strikes a balance between promoting innovation and ensuring that consumers have timely access to affordable medicines. Senator HATCH and I have publicly emphasized that revisions to the 1984 Act be made in a careful, deliberative process to preserve that balance. Dropping the Schering proposal onto the CR without notice, without committee proceedings, and without publicity is the exact opposite of what we meant.

For these reasons, I urge my colleagues to oppose Schering-Plough's proposal, wherever it should appear in these final days of the session. It would cost taxpayers millions, hurt consumer choice, distract the Patent Office, undercut the FDA and do violence to the need for committees of jurisdiction to deliberate carefully over these important issues.

TRIBUTE TO THE LIFE OF JAMES FLETCHER

HON. DANNY K. DAVIS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1998

Mr. DAVIS of Illinois. Mr. Speaker, it is with exceeding regret that I advise my colleagues of the death of a great American and one of the most socially conscious bankers in Chicago.

A former Chicago public schools teacher and a 1960's city planner with a focus on urban renewal, James Fletcher with three other extraordinary individuals established America's first community development bank—in 1973. Soon after, Mr. Fletcher became president and chief executive officer of South Shore Bank in 1983. He served on that post until 1994 and was elected chairman of the bank in 1996.

With the logic of a philosopher, the passion of a preacher, and the precision of a banker he helped redevelop communities who have long been forgotten by all of the major banks in Chicago. Indeed, in the hands of James Fletcher, community development was a creative act. With his foresight, community development is an encounter between socially conscious bankers and private investment. Slowly, step by step, they proved that a strong, independent banking presence in the neighborhood could help get a community back on its feet again.

Beyond his many professional accomplishments, James Fletcher was one of those rare and wonderful individuals who relished being a mentor, role model and always a generous father. We cherish his memory as his work touched the lives of whole communities: men, women and youth alike. Mr. Speaker, I commend to the United States House of Representatives and to the American people the life and service of James Fletcher.

CHINA: A POTEMKIN ECONOMY

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1998

Mr. SOLOMON. Mr. Speaker, in 1787, Prince Grigory Potemkin, Catherine the Great's longtime prime minister and occasional lover, decided that the recently-annexed Crimea needed a little fixing up in preparation for an official visit by the empress. He is said to have erected a number of false-front buildings along Catherine's travel route so as to create the appearance of a happy and thriving peasant society. Thus was born the legend of the ''Potemkin village.''

Today, autocratic regimes have more resources at their disposal than Potemkin ever dreamed of. In fact, it can fairly be said that the Chinese communists have managed to build a ''Potemkin economy''—an entire national economy that has the surface appearance of being dynamic and prosperous when, in truth, the real situation is something very different. The present-day equivalent of Potemkin's false-front villages are the empty skyscrapers that loom over every large Chinese city.

The September 30 edition of the Washington Post contains a compelling article by Michael Kelly that looks behind China's imposing economic facade and finds an altogether different story than is usually reported. ''The central question of the most consequential of all American foreign policy issues is whether the People's Republic of China is evolving, under the munificent influence of capitalism, away from communist totalitarianism and toward democracy.'' If the answer given to that question is yes, then that ''answer, it is now authoritatively revealed, is dead wrong—and so is America's China policy.''

Mr. Kelly based his article on a new book China's Pitfall, that was published in Hong Kong last year. This book, which has not yet been translated into English, is the subject of an extensive review by two China scholars in the current edition of The New York Review of Books. That review concludes with these words: ''What happened in China in the 1990's is thus becoming clear. Reform was aborted when Deng Xiaoping strangled China's democratic forces in 1989 and when . . . he decided in 1992 to buy stability for his regime by pursuing rapid economic growth whose price was sharply increased corruption, financial deception, and the erosion of the moral basis of society.''

Corruption. Deception. Erosion. Hardly the foundation on which a stable economy, to say nothing of a decent society, can be built. Indeed, the author of China's Pitfall, He Qinglian, identifies five negative trends that are tearing at the fabric of Chinese life: ''population size, agricultural stagnation, inequality, corruption, and low standards in education.'' Ironically, the author reports, each of these problems is as bad or worse today as it was a century ago, when the Qing Dynasty was distintegrating and the entire country was plunging headlong toward revolution.

How then to explain China's ''rapid economic growth'' in recent years? This is, after all, an economy that expanded at an annual rate of 10 to 12% in the years from 1981 through 1996.

According to He Qingian, economic growth in the 1980's was largely based in rural China. As the communist command system in the agricultural sector was dismantled and rural communes were abandoned, the productivity of farms shot up and many farmers and villagers also established light industries and other entrepreneurial ventures. Agriculture and rural industry account for about three-fifths of China's gross domestic product, and so progress in these areas was bound to be reflected in the country's overall performance.

By the end of the 1980's, however, the rural economy was stumbling: ''the immediate gains from freeing agriculture could not be continued'' and ''extortion, overtaxation, and embezzlement by local officials'' were taking their toll. Moreover, the effects of ''decades of environmental devastation and neglect'' began to be felt. China has lost one-third of its topsoil