

EXTENSIONS OF REMARKS

BIGGER IS NOT ALWAYS BETTER

HON. JANICE D. SCHAKOWSKY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 12, 2000

Ms. SCHAKOWSKY. Mr. Speaker, recently, I asked the Congressional Research Service to provide information on the number and cost of mergers and acquisitions involving pharmaceutical companies over the last 5 years. The total: \$375 billion. In the last 6 months alone, Monsanto announced it would pay \$23.3 billion to buy Pharmacia and Upjohn, Glaxo Wellcome has pledged \$76 billion to buy SmithKline Beecham, and Pfizer said it would spend \$90.27 billion to buy Warner-Lambert.

I have been concerned about the effect of these mega-mergers on competition and prices. And I have been skeptical about claims that the increasing trend of drug companies buying other drug companies boosts research activities. A recent report by CenterWatch, a research entity focused on the pharmaceutical industry, confirms those fears.

According to its analysis of 22 mergers completed between 1988 and 1999, the number of drugs under development actually dropped by 34 percent during the first 3 years after the mergers. The median number of projects in development—from preclinical to late-stage testing—fell from 85 to 56 potential drugs. And, after a slight rise, the number of clinical trials also fell to 9 percent below pre-merger levels. In a Newark Star Ledger article, Ken Gatz, head of CenterWatch, stated that “mergers are not meeting certain strategic R&D objectives and may even harm the industry’s larger term ability to innovate.”

Drug companies argue that they cannot afford to lower prices to senior citizens and other consumers because it will hurt their R&D efforts. Yet, these same drug companies spent \$375 billion to buy each other in mergers that have reduced R&D efforts. It is time that we reject these false claims. Congress must act now to expand Medicare to provide prescription drug coverage to all senior citizens and persons with disabilities. And it must use the power of Medicare to negotiate affordable prices. The pharmaceutical industry can certainly afford it, but our senior citizens cannot afford to wait.

[From the Star-Ledger, June 8, 2000]

DRUG-INDUSTRY MERGERS FAIL TO BOOST RESEARCH, DEVELOPMENT, STUDY FINDS
(By Edward R. Silverman)

Despite claims by drug makers that mergers can boost their output, a new study has found that the number of medicines under development actually declined by 34 percent during the first three years following completed deals.

The findings suggest that, rather than creating much larger companies capable of developing many more medicines, newly merged drug makers are instead trimming their product pipelines and, consequently, failing to become as productive as planned.

“A number of professionals believe that, in the long run, mergers create better compa-

nies,” said Annick de Bruin, research manager at CenterWatch, a Boston-based research group that tracks the development of new pharmaceuticals and the clinical trials conducted to test these products.

“But in the short term, these mega-mergers cause disruptions in internal operations, and project cancellations with contract research organizations and with investigative sites” that are chosen to test new medicines on patients, she said.

CenterWatch analyzed 22 mergers completed between 1988 and 1999 and found that, three years after deals were completed, the median number of development projects—from pre-clinical through late-stage testing—dropped to 56 potential medicines from 85.

Among the mergers examined were last year’s combination of Astra and Zeneca; the Ciba-Geigy and Sandoz union, which formed Novartis in 1996; the Pharmacia and Upjohn merger the year before, and the Glaxo Holdings and Wellcome deal the same year.

The key areas looked at by the firm included drug-development spending; the number of original new drug applications filed with regulators; the number of new development projects generated, and therapeutic areas focused on by the newly merged companies.

In discussing the issue, CenterWatch noted that companies tout the benefits of mergers, such as cost cutting, that can make it easier to devote resources to generating higher revenue and profits—and higher stock prices.

However, the study also cited comments from drug company managers who explained that cost-cutting often extends into drug development, but usually isn’t evident right away because of commitments made to Wall Street about upcoming products.

In fact, CenterWatch found that the number of clinical projects declines after a merger. Before a deal, companies carried an average of 43 projects. A year later, that rose by 10 percent, but then fell 9 percent below pre-merger levels two years on.

This drop represented a shortfall of \$15 million to \$20 million in funding, which would have been provided in the form of grants to academic investigators and contracts awarded to contract-research organizations, which conduct trials for drug makers.

“In my experience,” one manager told CenterWatch, “companies have gaps in their pipelines that they’re trying to mask. These gaps won’t be seen early in the merger. They sort of bubble up several years out.”

As for overall spending on research and development, CenterWatch found that annual growth in spending before mergers was 7.7 percent, it dipped to 3 percent a year later and returned to nearly 8 percent three years after deals were done.

“In the short term, mergers are not meeting certain strategic R&D objectives and may even harm the industry’s longer-term ability to innovate,” said Ken Getz, who heads CenterWatch.

REECE DUCA RECOGNIZED FOR LIFETIME ACHIEVEMENT

HON. LOIS CAPPS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 12, 2000

Mrs. CAPPS. Mr. Speaker, I rise today to recognize a distinguished constituent, Mr. Reece Duca, for being the recipient of the Lifetime Achievement Award of the Alumni Association of the University of California, Santa Barbara. Mr. Duca graduated from UCSB in 1966, and has been a resident of Santa Barbara for many years. He founded and built the Learning Company into an internationally recognized leader in the development and marketing of educational software for schools and homes across the nation. The Learning Company was recognized by Forbes Magazine in 1992 as one the “best small companies in the world.”

Reece Duca continues to pursue his passion for educational excellence through his involvement with UCSB and Stanford University, and his continuing role as an investor and advisor to start-up companies in the field of education and educational technology. One of his new companies is GlobalEnglish.com, an Internet-based educational technology company that delivers English instruction to 115 countries around the world.

I have known Reece as an active member of the Santa Barbara community. He is a person who acts on his principles and makes a lasting contribution to the success of those ideals. I also know Reece as a committed husband and father, who has been able to draw upon the wisdom and insights of his wife and children to improve his businesses and advance his goals.

Reece Duca prefers to describe his recognition as a “half of a” Lifetime Achievement Award, and knowing his as I do, I am confident that there is much more achievement left in this remarkable person’s life. I consider the opportunity to represent him in Congress to be a great privilege.

Mr. Speaker, please join me in extending congratulations to Mr. Reece Duca for all of his exceptional accomplishments.

IN MEMORY OF MARTINA O. MAKINDE

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 12, 2000

Mr. GILMAN. Mr. Speaker, it is with deep sorrow and regret that I report to my colleagues the passing last week of an outstanding humanitarian in my 20th congressional district of New York who dedicated her life to helping the elderly and the sick.

Martina Olubukola Makinde was a woman blessed with remarkable qualities and a generous heart which enabled her to spend her

• This “bullet” symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

life treating the elderly and the sick throughout the world. As a professional nurse, Martina worked with the elderly in numerous nursing homes and treated sick patients in hospitals and in other related health service establishments.

Since 1979, Martina served our community and a broader internationally-based community. Utilizing her skills in clinical and rehabilitative nursing, she worked with patients throughout New York and in her native country of Nigeria.

Martina was born in 1947 in Lagos State, Nigeria. After completing studies as a registered nurse in Nigeria and midwife studies in London, Martina relocated to the United States in 1977. Due to her love of nursing, she returned to school and earned her Bachelor of Science degree in Community Health at St. Joseph's College, NY and her Master of Science degree in Public Health from Long Island University.

Before completion of her Masters degree, Martina began her humanitarian services by serving the elderly as a Staff Nurse and then as Assistant Director of Nursing Services in the Jewish Home and Hospital for the Aged in New York. Soon thereafter, Martina decided to devote her services to a more under served group of patients as she returned to her native country to work with the Lagos State Ministry of Health in Nigeria. After gaining a more administrative understanding of the nursing/healthcare field, Martina returned to New York, where she assumed supervisory positions in the Jewish Home and Hospital for the Aged and in the Riverside Nursing Home. Martina finally completed her altruistic career as a Clinical Nurse Manager in the Beth Abraham Health Services in Bronx, New York where she devotedly served for the last 13 years.

Martina's love for nursing and helping those in need extended into her spiritual and personal life as well. As Martina developed spiritually, she became an active member of the Redeeming Love Christian Center in Nanuet, New York. In her final year, Martina joined her pastors in a "To Israel With Love" Pilgrimage. The extent of Martina's love for others was best displayed in her love for her family. She was a remarkable mother, wife, sister and friend. Her unconditional love for her husband, Mr. Sahib Ohiwafunsho Makinde, was paralleled only to the love of God. Her three beautiful children, Omoyeni, Omolewa, and Ifeoluwatobi, were her treasures as she raised them with the love and the kindness that only she possessed.

The memory of Mrs. Makinde is an inspiration to all, her humanitarian efforts having helped so many in our world-wide community.

Mr. Speaker, I invite my colleagues to join in extending our deepest sympathies to all of Martina Makinde's many loved ones, and to all who have been inspired by her remarkable efforts as a mother, a wife, friend, and humanitarian.

DEATH TAX ELIMINATION ACT OF
2000

SPEECH OF

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Friday, June 9, 2000

Mr. CASTLE. Mr. Speaker, I rise today in support of H.R. 8, the "Death Tax Elimination

Act of 2000." This legislation pursues an admirable goal—a return to the principle of single taxation. Taxing the event of death makes little economic sense. It causes small businesses and farms to close or partially liquidate their assets to pay this tax, which can be as high as 55 percent. In turn, that leads to job loss for the employees of the business. Therefore, the benefits of this legislation flow to far more people than just business owners and their families.

Unfortunately, some taxes are a necessary evil. No modern, industrialized society can provide roads, a judicial system, or care for the needs of the poorest among us based on the goodwill and philanthropy of individual citizens. Yet, that does not give the Federal Government license to tax everything. By phasing out the death tax, a business' assets are still subject to taxation, just not double taxation. They are subject to capital gains tax when the next generation makes an informed, rationale business decision to sell the assets. This causes much less disruption in business operations and often allows employees to keep their jobs.

My only hesitation with this legislation is its potential impact on the budget. Earlier this year, the Congressional Budget Office projected a 10-year budget surplus of \$888 billion assuming that discretionary spending increases at the rate of inflation. I am convinced that conservative economists, such as the Federal Reserve Chairman Alan Greenspan, are correct that paying down the national debt should be a high priority. This year, the House of Representatives has passed \$180 billion in marriage tax penalty relief over the next 10 years, \$123 billion in small business tax relief to accompany an increase in the minimum wage, and \$23 billion in repealing the Social Security Earnings limit that punished working seniors. Because the first five years of death tax relief in this bill were already included in the small business tax relief package, the additional cost of this bill is \$41 billion. In total, the House has passed \$367 billion in tax relief, which does not endanger the budget surplus. As this legislation moves to the Senate and negotiations with the Clinton Administration begin, I will be paying close attention to the budgetary impact of a comprehensive tax package, and I will work to ensure we have a balanced, fiscally responsible package.

Mr. Speaker, I urge you to work closely with the Senate and the Clinton Administration to arrive at a balanced tax package that provides tax relief for our family farms and small businesses.

A TRIBUTE TO LARRY SHARP, SAN
BERNARDINO COUNTY BUSINESS
LEADER OF THE YEAR

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 12, 2000

Mr. LEWIS of California. Mr. Speaker, I would like today to praise the efforts of Larry Sharp, the president of Arrowhead Credit Union, who has been named Business Leader of the Year by the San Bernardino County Sun for the success he has brought the credit union, and his commitment to community involvement for himself and his business.

Larry Sharp took over financial management of the San Bernardino County Central Credit Union in 1982, vowing to turn around within 24 to 30 months the troubled financial institution that served local government employees. Under his management, the credit union turned a profit within 18 months.

During Larry Sharp's 18-year tenure, what is now known as Arrowhead Credit Union has grown from 24,000 members with assets of \$42 million to nearly 100,000 members and assets of \$404 million.

But the credit union is much more than a financial success under Larry Sharp. It has become a community asset.

Under his leadership, Arrowhead Credit Union donated funds to create a classroom at California State University, San Bernardino, that helps students learn real-time securities trading just as if they were working for a broker.

The credit union has also given free space to create the Community Advancement Resource Center, which helps small businesses and start-ups. The credit union has set aside \$250,000 for micro-loans for businesses using the center, which is a cooperative venture between the university's Center for Entrepreneurship, the Inland Empire Small Business Development Center and the U.S. Small Business Administration.

Arrowhead plans to open a branch this year on San Bernardino's West Side, whose primarily African-American and Hispanic residents have not been served by a local financial institution since 1984. And the credit union has pledged \$20,000 a year to the CORE 21 program of the Inland Empire Economic Partnership to foster high-tech jobs in the area.

Mr. Speaker, it is clear that under Larry Sharp's leadership, Arrowhead Credit Union has shown the kind of leadership that helps a community prosper and grow along with its businesses. I ask you and my colleagues to join me in congratulating him on the well-deserved recognition as Business Leader of the Year.

DR. FRANK MCCONNELL HONORED
POSTHUMOUSLY WITH TEACHING
AWARD

HON. LOIS CAPPS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 12, 2000

Mrs. CAPPS. Mr. Speaker, it gives me great pleasure to bring to your attention that Professor Frank McConnell was posthumously presented with the Outstanding Teaching Award by the Alumni Association at the University of California, Santa Barbara. Frank McConnell was a professor of English at UCSB for over three decades, and enjoyed a career that touched the lives of countless students who were inspired by his own love of literature.

As a member of the UCSB community, I knew Frank well, Mr. Speaker. I knew him to be passionate about the works he was teaching, engaging generations of students with his infectious love of books, writers, and their ability to communicate important ideas. There are many stories about Frank inspiring students to stay in school to finish their degrees, to major in English, and even to pursue a career in academia.