That is essentially what the President has been saying and what the Democrats have been saying.

What the Democrats have proposed in their alternative with regard to capital gains for homeowners is it permits homeowners to sell their homes at a loss, and to deduct those losses, up to $250,000, from their taxes. The Democratic tax alternative permits homeowners to not be taxed on the first $500,000 of gain from the sale of a House, again, as in the President's budget.

With regard to small businesses and farms, the Democrats provide a targeted tax cut for capital gains income. The Democratic alternative cuts the rate from 28 percent to 18 percent for certain capital gains income, and it is targeted only to those who sell real estate, farms, and small businesses after 3 years.

Let us go to the estate tax, because again this is where we see the big discrepancy between the Republicans and the Democrats. On the estate tax, the Roth plan, the Republican plan, says the amount an estate can pass on without paying tax would gradually be increased up to $1 million of small business, and family farms would be exempt from estate tax.

What the President says in response to that is that estate tax relief should be offered only to small businesses and family farms, not to the well-to-do.

What does the Democratic alternative propose? It is narrowly targeted, focusing on family-opened businesses that make our country thrive. For a couple, the Democratic bill increases the amount that a family can pass down at death from $1.2 to $2.0 million, and targets it only on family-owned businesses.

So again, the question here again is where are we going to give the tax relief? Where are we going to make the changes and provide tax relief? The answer, the Democrats say for working families, not for the wealthy. Please, let us not again phase out the alternative minimum tax for corporations, because again, the Republicans there once again show that they prefer large corporations and the wealthy for their tax cuts.

Mr. Speaker, I yield to the gentlewoman from North Carolina [Mrs. CLAYTON].

ACTIVITIES SURROUNDING DISCRIMINATION AGAINST MINORITY FARMERS WITHIN THE DEPARTMENT OF AGRICULTURE

Mrs. CLAYTON. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I want to bring to my colleagues' attention a high priority matter for rural and minority communities, the recent important activities surrounding the longstanding problem of discrimination against minority farmers within the U.S. Department of Agriculture. Indeed, widespread unfair, unequal treatment of socially disadvantaged and minority farmers have been well documented for more than three decades.

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A GAO report, an inspector general's report, and an exhaustive Civil Rights Action Team report called CRAT are just the latest in a series of government initiatives examining this problem. This issue was first raised in 1965 when the U.S. Commission on Civil Rights established that the USDA discriminated both in internal employee actions and external program delivery activities.

An ensuing USDA employee focus group in 1970 reported that USDA was callous in their institutional attitude and demeanor regarding civil rights and equal opportunity.

In 1982, the U.S. Commission on Civil Rights examined this issue a second time and published a report entitled ''The Decline of Black Farming in America.'' The commission concluded that there was widespread prejudicial practices in loan approvals, loan servicing and farm management assistance as administered by the Farmers Home Administration.

However, as no improvement was forthcoming, this matter was investigated again in 1990, by the House Governmental Operations Committee, chaired by our colleague, the gentleman from Michigan [Mr. CONYERS]. Ironically, the same conclusion was reached in 1990 as had been reached in 1982, that the Farmers Home Administration had been a catalyst in the decline of minority farming. That conclusion is found in the Conyers report entitled The ''Minority Farmer, A Disappearing Resource; Has The Farmers Home Administration Been The Primary Catalyst?''

Then in January 1997, the General Accounting Office published a report entitled ''Farm Programs: Efforts to Achieve Equitable Treatment of Minority Farmers.'' While much of the report was inconclusive due to its limited scope, GAO did find instances of discrimination. GAO also found that the disapproval rate for loans was 6 percent higher, 6 percent higher for minority farmers than the rate for nonminority farmers.

The very next month, two related reports were released. The Office of Inspector General Evaluation Report for the Secretary on Civil Rights Issues and the Civil Rights Action Team Report. The authors of these hard-hitting reports came to the identical conclusion as those that had looked at this issue some 32 years previously. There are significant problems with discrimination within the Department of Agriculture.

The CRAT report by the USDA identified discrimination among various minorities, including women farmers, Hispanics, Asian and American Indian farmers.

In addition, in November of last year, FSA Administrator Grant Buntrock stated in a public speech: ''We recognize there has been instances of discrimination in responding to requests for our services in the past, and we deplore it.''

Throughout his tenure, Secretary Glickman has continued to display a firm intent to promote changes at the USDA. However, change, the kind of change which is needed in this situation, is very difficult and very demanding. It is my hope and it is the hope of many of my colleagues in Congress, as well as the hope of minorities across the United States, that Congress will provide Secretary Glickman with the kind of support he will need if indeed true change within the USDA is realized.

To this end, we must enact legislation making some public commitment about this matter, particularly as we are in discussion about race and better race relations.

In that way we will demonstrate that rooting out discrimination at USDA is a national priority, not just words to be in a report. And we will give the current effort the kind of boost that is required to begin to bring closure to a chapter in our national history that should have been closed long ago.

Mr. Speaker, I hope we will correct this discrimination pattern that has gone on far too long and make sure all Americans, all farmers, regardless of their gender, regardless of their race, regardless of locality, will have equal access both to the grant resources as well as the program resources.

THE DEATH TAX

The SPEAKER pro tempore (Mr. COBLE). Under the Speaker's announced policy of January 7, 1997, the gentleman from Mississippi [Mr. PARKER] is recognized for 60 minutes.

Mr. PARKER. Mr. Speaker, I have listened with interest to all of the different speakers today in the special orders. Many of them have been talking about the different tax breaks and tax cuts that we are discussing now. I find it very encouraging that after a long period of time we are finally getting around to talking about giving a break to the American people, something that they have needed for a long time.

Every once in a while there comes a point when an issue comes to the fore and its time has truly come. I think that issue for many Americans is going to center around what I consider the death tax. Some people call it inheritance tax. Some people call it an estate tax. But it is truly in every sense of the word a death tax.

At a point in a person's life when they do not need another emotional blow or financial blow, they have been touched by a circumstance where someone dies. All of a sudden the Government comes in and says, by the way, we are going to add to your misery. What we want to do is disrupt your entire life, and that is especially true for hard-working men and women all over this country.

Mr. Speaker, I want to read a little story. It is about a lady, Idaho rancher named Lee Ann Ferris, who experienced the most devastating event in

her life after her father's death, which was terrible, in 1993. But it was followed by this. Her accountant told her that there would be no way to keep the ranch when her mother passed away. She was quoted as saying, I was like a dazed deer looking in the headlights. How could this be? We owned this land. We paid this land off.

Ferris related her story in testimony before the other body, and she was testifying on the death taxes. Proponents of tax reform say that it is needed to help family farms and businesses survive and promote traditional values. Ferris told the other body's committee that the accountant explained to her that, upon her mother's death, the heirs would be liable for $3.3 million in taxes on an operation that was only taking in $350,000 a year.

She then talked about costly estate planning, part of which involved buying a life insurance policy for her elderly mother solely for the purpose of paying off a third of the estate tax. That would still leave the family with a $2 million-plus tax bill. Millions of Americans, farmers, ranchers, small business people, private property owners face a similar grim situation. If the estate assets are worth more than $600,000, the Federal Government, in classic ambulance chaser style, will come calling for what it claims is its share as soon as the funeral is over.

Farmers and ranchers work long, hard hours over a lifetime to build their businesses, says Charles Kruse, a member of the American Farm Bureau Federation board of directors and president of the Missouri Farm Bureau Federation. Quote, often farm heirs must sell business assets to pay estate taxes. When taxes drain capital from a farm business, the profit-making ability of the farm is destroyed and the farm business dies. Farmers and ranchers should be able to save for the future without having to worry about sharing the outcome of their efforts with the Federal Government, especially after already paying a lifetime of income taxes. Along the way they paid income taxes on their earnings. It is wrong to tax those earnings again at death.

Mr. Speaker, I must tell my colleagues, as I look at this death tax and what we do as a Federal Government to the American people, it is truly what I consider immoral. How did we get to this point? I think that it has been a gradual process through the years. Historically, prior to 1916, we would have inheritance taxes from time to time. They normally occurred at times of war when our export market was basically hurt and we were not getting the revenue that we needed. So from a national security standpoint, we would enact as a Congress an inheritance tax to bring in more money to the Federal Treasury in order to maintain our national security. That made a tremendous amount of sense.

That occurred over 100 years, our first 100 years as a nation. But in 1916, we put into place a death tax that has pretty much remained constant throughout the years. The death tax was established in 1916 basically to redistribute wealth to prevent certain families from amassing the majority of the Nation's riches. However, as is the case in most tax schemes aimed at the rich, the extremely wealthy find a way to stay extremely wealthy in spite of the tax. And the middle class, the small business entrepreneurs, are the ones who struggle. They are the ones that are hurt. They are the ones that have to bear the brunt of this tax policy.

If we look at the death tax, as far as what it does to the Federal budget, roughly, we take in about 1 percent of our total revenue, our total annual revenue that comes in from estate taxes. My personal view is that the death tax is not worth the devastation it causes to family farms and family businesses and to the entrepreneurship that is at the very heart of our Nation.

Furthermore, less than one-seventh of 1 percent of total revenue comes from death taxes on closely held businesses and farms. Farmers expect that repealing death taxes would induce them to invest in their businesses in ways that would enable revenue to grow 5 percent faster.

We see the results of the death tax being a burden on the growth in business. More money is spent within our national economy to prevent family businesses from being destroyed by death tax obligations than is being collected by the Federal Government in the form of tax revenues.

We hear that over and over again. There are individuals in this country, lawyers and accountants, who make their living trying to figure out ways in order to save family farms and family businesses. It is heard over and over again. These individuals make a very good living at their profession. They spend all of their time trying their best to create an environment so this business can just be maintained.

A 1996 study by the Heritage Foundation found that repealing death and gift taxes would produce dramatically positive effects in the American economy over the next 9 years. The Nation's economy would average as much as $11 billion per year in additional output and an average of 145,000 additional jobs would be created. Personal income would rise by an average of $8 billion per year above current projections. And finally, the deficit would actually decline due to the growth generated by the abolishment of the death tax.

This tax, and there are individuals, by the way, in our society who do not realize, some of them own businesses, some of them are starting businesses, they do not realize what is going to happen to them when they die, what is going to happen to this business that they have sweated for and hurt for and they have sacrificed their families for.

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They are doing this for their families and for their future.

This tax, and we have to understand how much it is, is 37 to 55 percent of the present value of the business. It makes the death of the owner and the death of the small business one and the same. Nearly 80 percent of failed family businesses that enter bankruptcy go bankrupt after the unexpected death of the founder. And high death tax rates force some heirs to sell businesses, break up that business or liquidate most of their assets or all of their assets.

Any of these options is devastating to a community. It is devastating to the employees of that business and to their surviving owners. And let me point out one thing. When we talk about being devastated, we are talking about, for example, a family farm, where an individual buys land, he has a cost basis in that land, and the land has been in the family for 40 years. He has a cost basis in that land of a small amount. Let us say it is $100 an acre. But because of inflation and different factors, that land has increased in value.

Now, understand that owner did not make it increase in value from the standpoint of inflation. We, as a government, created certain monetary policies, we did certain things that made the value of that land increase. So all of a sudden that land that began 40 years ago, that cost $100, all of a sudden is now worth $1,500 or $2,000.

When that individual dies, we are talking about the Government coming in and saying, we created a problem by having inflation, and we increased the cost of this asset that is held by this individual. Now we are going to put this individual in a situation where they are going to have to pay us for the problem that we created. That is not fair.

Now, I have heard people today talk about they do not like the Republican tax bill. They have talked about the estate taxes, and people from the other side of the aisle have been complaining about the estate taxes. I have news for my colleagues. I do not like the Republican plan either, and the reason I do not like the Republican estate tax plan is because it still leaves it in the law. It decreases the amount, but it is still law that we have a death tax.

Mr. Speaker, I want to finish this one statement and then I am going to yield to the gentleman from Georgia [Mr. KINGSTON].

What I want is the total elimination of the death tax. It has no business in our Tax Code. I believe it is un-American. I believe it is the most cruel tax that has ever been put on the American people.

And with that, I will yield to the gentleman.

Mr. KINGSTON. Mr. Speaker, I thank the gentleman, and knowing the interest of the gentleman from Mississippi in this death tax and the repeal of it, and I certainly appreciate his leadership, as do most taxpaying Americans, I wanted to bring an article sent

to me by Dr. Bert Loftman of Atlanta, that was in the Human Events magazine on April 18 of this year, written by Terence Jeffrey, and in that he goes into the history of the death tax.

The article points out that Lincoln imposed an emergency inheritance tax during the Civil War but that it was repealed in 1870, and the reason he did it was because of the national emergency of the Civil War. Also this article points out that in 1894 we had a temporary income tax, as well, but that was also repealed.

I guess the crowning blow that made this permanent was under President Wilson in 1913 when he ratified the 16th amendment that, of course, started the income tax law, but it also gave Congress the power to lay and collect taxes on income. Wilson followed that by cutting U.S. tariffs in half; to pay for or offset the revenue lost by imposing progressive taxes on the incomes of rich Americans.

So here we have historically how this tax came about, to give foreign traders a tax break, and how we increased the taxes on Americans.

What I hear over and over again, and I do not get calls from, say, the Rockefellers and the Morgans or the Ted Turners and the Bill Gates, I do not get those calls, but I do get calls from people who do not have big corporations and big titles. They say they have worked their rear end off for the last 50, 60, 70 years, and they have built up this family farm that has 1,800 acres right now. It has a house on it, and it is now worth $1.5 million.

Now, these people paid for that farm through sweat equity and they paid taxes every single year this farm has been in existence, and now their son or daughter wants to start out being a family farmer but they cannot pass it on to them. So they have to go out and get a fancy lawyer or an accountant or an estate planner to come up with some way around the tax law so that they can pass what is already theirs, what they have already paid taxes on, to their own children so that they can be independent and continue being taxpayers themselves.

This is the fundamental American dream. For liberal colleagues of ours to sit over here with the President of the United States and say no to middle class America, to say ''We want your taxes when you are born, when you are living, when you are working and when you are dying,'' that is ridiculous. The middle class in America deserve better.

While we are all mourning at the funeral, Uncle Sam is there counting his pennies. It is absolutely ridiculous. Let people die with dignity. Let them die knowing that their life and their labors have not been in vain but that they can pass it on to the next generation.

Mr. PARKER. Mr. Speaker, reclaiming my time, I want to tell the gentleman a story. I do not want to mention any names because I do not want to hurt anybody's feelings. On the other side of the aisle everybody always stands up and says, hey, this is for the wealthy, this is not for middle class America.

I want to tell my colleague what the wealthy do. The wealthy will take care of themselves, they always have and they always will. They hire high-priced lawyers and high-priced accountants and they get by and get around anything that Congress puts out.

Mr. KINGSTON. Let us point out, too, there are more millionaires in the Clinton cabinet than there were in other cabinets. If we want to talk rich and we want to talk class warfare, let us start with the Clinton cabinet.

Mr. PARKER. Well, I want the gentleman to understand that I do not have anything against people being rich. I do not mind it at all.

Let me tell the gentleman one of the problems we have. I will tell my colleague this story about a family. There is a family in this country, one of the wealthiest families we have. Everybody knows their name. They own some land, and they bought it dirt cheap.

Now, I had a farmer tell me one time, ''There are a lot of things in the world that are dirt cheap, dirt ain't one of them,'' but I have news for my colleague: This particular family bought some land and they bought it cheap.

Now, on this land they put some hotels. Now, they did not pay much for this land, but what they did, they kept it through the years and they had these hotels on this land, and this was a pristine area. What they decided they would do is, they would turn around and they would give away the part that was not making money.

And they did, they gave literally thousands of acres to the Federal Government. Their lawyers and their accountants out of New York sat down and, smart people, they sat down and they devised this system where they were going to give the Government this land at that day's value but they were going to keep the moneymaking part. They were going to keep the hotels. They did.

Now, in this agreement they said, now, we are going to give the Government this land, and it is a national park now, but they said, we will give the Government this land, but they are going to maintain the roads to our hotels, they are also going to maintain the water, they are also going to maintain the sewer. They are going to take care of everything that costs us money, and they are going to maintain all the land around. All the land we give the Government, they are going to maintain it. It is a gift, but that is part of this transaction.

This family keeps all this lands, all these hotels, and they make a lot of money. A few years ago they decided they had depreciated all they could, made all they wanted to out of it, and they sold it to a big national corporation who now owns it.

Now, the point I am making is this: We cannot imagine the amount of taxes this very wealthy family did not pay because of the way they handled this. They did not have to give this away to children or grandchildren. What they did is, they gave it to the Federal Government and they got a tremendous tax incentive by giving it away. Now, if they had given this same land to their children, they would have been penalized.

The point is that the wealthy in this country can get around the issue. They always have. The problem is the middle-class people who, all of a sudden, they do not know what they are worth. They may think their farm, because they are only making $40,000 or $30,000 a year off this farm, they think, well, this farm is not worth that much.

But whenever the IRS comes in, and they appraise that land and they appraise that equipment and they appraise that farm at a value which is at current standards, all of a sudden they realize they do not have enough money to pay this off. They are going to wind up selling this farm and being put out of business, not being able to continue, and their family devastated.

If their child wants to be a farmer, I am sorry, they have to start over again. The Federal Government is going to confiscate what they have spent their life working for. Now, that is unfair.

Mr. KINGSTON. Essentially, Abraham Lincoln made this statement, ''that God must have loved the common man because he made so many of them.'' Unfortunately, Uncle Sam loves the common man, too, because that is who pays the taxes. It is not the poor, it is not the super rich. They get around it through foundations, through tax shelters, through whatever their lawyers and accountants can scheme up, but over and over again the common man pays the taxes and carries the whole load here.

I hear the same thing the gentleman hears. An individual's mama and daddy died, left an estate over $600,000, and Uncle Sam came to the funeral first and got his share. Big dog sat down and he ate, and after he ate, what was left, these folks had to sell off whatever it was their parents had worked all their life for. Then they cannot operate that farm or family business any more because they had to sell a portion of it to pay the taxes.

So Uncle Sam, in his greed, cuts out a revenue generating enterprise. Just one more example of short-term greed and, I think, a horrible punitive tax policy.

We were all raised hearing that we should learn our lessons in school; go to school every day, do what is right and work, get that job, show up on time and do what our employer tell us to do, and one day we will be lucky enough to own something, own a house, own a farm, maybe own our own business. But now, because we do that, we get an organized group of say 150 liberals with the President of the United States saying that is bad, that is evil, these people are rich.

Well, we know these people are not Rockefeller rich, but they still have enough money that they are not dependent on the Government. Therefore, they are going to be punished when they are living and when they are dying. I think people in America have had enough.

Mr. PARKER. You know, this is what I find fascinating. If people sit and do absolutely nothing, refuse to move and are as lazy as they can be, the government will do anything they can to help them. The fascinating thing is that that individual who turns around and they work, as the President says, they play by the rules, they save, they reinvest, they do everything they can to be good taxpaying citizens, at the end of their time, when they have done all of this work and accumulated something, and let me just say they did not just accumulate it because it fell out of the trees, they accumulated it because they had a plan and they worked that plan and they applied themselves to save, and after they do this, the Federal Government says they have done a great job, and what the Government is going to do is they are going to now penalize them.

Now, personally, I think that is unfair. It is unfair to them, it is unfair to their children, and I think it sends the wrong message to the young people of this country who do not even realize what they are coming up against now. A lot of them, only 58 percent of the owners of small businesses even realize what their tax liability is going to be. Many of them do not.

One of the reasons is not because they do not want to know, but that they are busy running their businesses and building their businesses. They do not have enough money to turn around and pay accountants and pay lawyers to come in and give them an expensive way in order to get around the taxes that they are going to be faced with. They have no idea of what is coming.

Mr. KINGSTON. They do not.

Mr. PARKER. Mr. Speaker, I yield to my friend, the gentleman from Kansas, [Mr. TIAHRT].

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I think my colleagues are carrying on a very interesting debate, and I would like to add a little bit of a personal story that came out of my life that adds to why I think we ought to change our tax structure here in America. I know we are talking about death taxes. But you know, we are taxed on the very first cup of coffee we drink in the morning. We are taxed on every gallon of gas we use to drive to work. We are taxed on the telephone when we use it to earn some money. We are taxed on the income we earn. We pay sales tax on the way home if we stop to buy something, pay property tax on our home. And then when we die, we have to pay death taxes. And I think it is wrong, and it is wrong for a couple reasons.

My colleagues talked earlier about the redistribution of wealth. I think we ought to reward success in America. We want more success, and more success means that we will have people that will have money available that will invest and create more jobs. And this is a good thing. We want more jobs and more opportunity. But also, death taxes prevent parents from passing on their success to the next generation.

My grandpa was John W. Steele. He was born on a farm, and he spent his whole life on a farm. He had some good times and some bad times. In the 1920's they were very successful, and in the 1930's they lost it all, and in the 1940's they were struggling. And my grandpa, at the age of 67, I believe, borrowed enough money to buy the farm I grew up on, and he paid it off before he died in 1979 at the age of 94.

At the time when he died, land prices were a little bit elevated. And when the tax men looked at the property, they found 40 acres, a small plot that was near my home, and it had sold for about $1,500 per acre. And so, they assessed $1,500 per acre for this 1,200 acre farm, or two-section farm.

What happened is that my parents, Wilbur and Marcine Tiahrt, and my aunt and uncle, John and Mary Ruth Armstrong, had to borrow the equivalent of about $750 per acre to pay off the death taxes so that they could have the enjoyment of the success that my grandfather and his brother had in their farm.

Well, today that land is worth somewhere between $900 and $1,000 per acre. So not only did my grandfather and his brother borrow money and pay for this farm once, but my parents and my aunt and uncle have had to borrow and pay for that farm twice at an inflated value just to maintain the success that our forefathers enjoyed.

I can understand that we have to generate revenue for this Government. There are many wonderful things that we do in this Government. But we should not penalize success. We ought to encourage success. This is one way that people pass from one generation to the next the fruit of their labor.

So I would join with the gentleman and say that we ought to eliminate death tax in America.

Mr. PARKER. If the gentleman would yield, he brings up a great point. Let me just say something to that.

My land back home at my house, I have got 125 acres. Now, land is what it is worth on the market, it is worth what somebody is willing to pay for it. I have got a neighbor who bought some land close to me, and the point I am making is how these values are established. Now this guy has been successful. And I think the world of him. He is a good man. He established a Fortune 500 company. He has done well. But he has got enough money to burn, you know, to cremate a dead mule with hundred dollar bills. This guy has got a lot of money.

When he bought this land, he paid $3,000 an acre for it, which is fine because he had the money to do it. The problem is that if I had dropped dead right after this sale, the IRS would have come in and looked at the sale that occurred down the road and said, by the way, Parker, they would have told my wife, this 125 acres is worth $3,000.

Now, I got news for my colleagues. Somebody who wants to pay $3,000 for that land, they can have it. I will be more than happy to sell it. That is not the point. It is not worth that on the market. But the IRS would have looked at that, made a determination that was the value, and that is what my wife would have had to evaluate that land for. Now, that is wrong.

And let me point out, it is not only the Government that creates inflated prices. There are times when market forces create inflated prices. There is no reason for anybody to be caught in that situation. It can destroy you. I appreciate the comments of the gentleman.

I yield to the gentleman from New York [Mr. PAXON].

Mr. PAXON. I appreciate the gentleman from Mississippi [Mr. PARKER] having me here today to join with him and the gentleman from Georgia [Mr. KINGSTON] and the gentleman from Kansas [Mr. TIAHRT] in talking about what I believe was referred to as the death tax, is the death on jobs and opportunity tax.

Where I come from in western New York, the Buffalo and Rochester, NY, areas, our economy is built on small business and on family business. I come from a little village, Akron, NY, where the major employers in our community were all multigenerational family businesses that had been there since the turn of the century and before. And time and again, my little home town of Akron, NY, and Erie County and western New York, people tell me again and again that the biggest burden they face is trying to figure out a way to keep that business together so that the next generation can have an opportunity and the community can have an opportunity.

I flew back from Buffalo down here a while ago with a business person from Buffalo who was selling, in the process of disposing of a multigeneration family business that been in the family for I think five generations, and unfortunately, because of death taxes, found it necessary to do that, to dispose of the business, selling it to a company from outside of our country.

Eventually, I know what is going to happen, those jobs are going to move to another State, we are going to lose jobs in our community; and that is going to be terrible hardship to families. So all this effort, all this cost is going for what purpose? The death to jobs, opportunities for families. It just seems to me unconscionable.

I know, whether it is in Georgia or Mississippi or in New York State, the statistics are shocking. Seventy percent of family businesses do not survive through the second generation,

and 87 percent do not make it to the third generation. And again and again, I know my colleagues hear the same thing when they both go home, most of our Members do, the key reason for that is the burdens of death taxes and of trying to figure out a way to keep those businesses together; and it is much easier to dispose of them, to bring about the loss of jobs and opportunity in the community, than it is to try to get that down to the next generation.

We should be celebrating. I am the father of a little 1-year-old. And I think to myself, nobody in this country would take a 1-year-old child, walk him out to the corner of the street, and say, ''Go find your way down to Aunt Mary's house,'' and walk back in the house and leave that child out there.

But that is what we do to that small business. We say to that small business, we really celebrate you, we love you; but find your way down the street. And in the meanwhile, the Government puts up every barrier to the growth of that small business, just as we would do to that child. We should celebrate those little kids and celebrate business starts. We should not penalize them from the day they start by saying, we are going to tax you to death; and when you die, we are going to take it back from you. It is just wrong.

Mr. KINGSTON. If the gentleman would yield, this is a very old story but it is a very good story, I guess that is why it has lasted so long, about the guy who is driving down the road and sees a farmer who has a pig. The pig has two wooden legs where the ham should be and he stops and says to the farmer, ''I have got to ask you about that pig. I have never seen a pig with two wooden legs. What is going on here?''

He said, ''Oh, let me tell you about that pig. That is a very special pig. About 2 years ago, my little boy was out on the pond when it was frozen and the ice cracked and he fell in and that pig dived right in and grabbed the boy by the collar, pulled him out and saved his life.'' And the man said, ''That is impressive.'' And the farmer said, ''Well, that is not all. A couple years ago, a guy was breaking into our house at night. We were sleeping. The guy had a gun in his hand. The pig leaped on him and knocked him over. And the guy ran out the door and ran and the police caught him. That is a special pig.''

Then he said, ''Well, why does he have two wooden legs?'' And the farmer said, ''I am not quite through. I have got to tell you another story. Then our house caught on fire about 6 months ago. The pig ran in, pulled us out of bed, woke us up and saved the entire family. That is one special pig.''

And the guy says to the farmer, ''Well, I still do not understand. Why does it have two wooden legs?'' And the farmer said, ''Well, it is very simple. You don't slaughter a pig like that all at once. That is a special pig.''

And that is what is happening to the middle class, day in day out. We pay for Bosnia. I said, ''we.'' I am middle class. Middle class pays for Bosnia. Middle class pays for Desert Storm. Middle class pays for Medicare. Middle class pays for the Park Service. Middle class pays for Medicaid. I am saying good programs here, but it is paid for on the backs of the middle class. And yet year after year, the taxes are just creeping up and up and up.

Today, a two-income family with a household income of $55,000 is paying $22,000 in taxes on an average. Which means, the second income, that spouse is working strictly for the Government. They may be working for a dry cleaners, may be working for an insurance company or bank, but the reality is when you are paying $22,000 in taxes on a $55,000 income, the second income goes straight to Uncle Sam, you are working for the Government.

Mr. PARKER. If the gentleman would yield, let us go beyond that. Because we talk about family farms. We talk about businesses. But from a national perspective, let us look on this thing from the standpoint of just exactly how does it affect a lot of people.

A lot of people do not realize the difficulty they are going to have. There are different values in this country for a lot of different things. It is regional in nature for many things. We can take a house in Mississippi that we pay $100,000 for and it would be a nice home. If we put it in New York, we put it in Washington, DC, that house is going to be half a million dollars.

Now people back home in Mississippi cannot fathom that. Conversely, people from Washington, DC, and New York that come down to Mississippi and see a house, they cannot fathom that it is only $100,000. The point is this: Down in Mississippi, people may have a little land with that house. But in New York or in Washington, DC, or San Francisco or Chicago, they may not have that land. But that house is valued so greatly that what happens is that person who owns a home who may have paid $40,000 for it 35, 40, 45 years ago, when they come to their time of death and their spouse is left with the bill on this thing, all of a sudden they find out, I did not know that I was going to have this terrible bill. I had no idea. What am I going to do? You are going to take the money that I was going to live the remainder of my life on. What am I going to do?

The IRS says, do not worry, we will take care of you. We are going to let you have a payment plan over the next 10 years, and you are going to pay the IRS every month. IRS are kind people. They are sweet as they can be. But what they will do is keep food out of your mouth, make you sell that house, move you someplace where you do not want to move, change your plans where are you going to spend the last years of your life in a place you do not want to be, simply because you did not know that the increase of cost on your home would put you in that situation.

Mr. PAXON. That is what I think the gentleman from Georgia [Mr. KINGSTON] and the gentleman from Mississippi [Mr. PARKER] just highlighted. It is absolutely fundamental to what we are trying to do in the Congress.

Our goal is to balance our Nation's budget. Like every family back at home has to do, like every small business has to do, this Government should do it. But we are going beyond that. We are finding other ways to save money so we can allow families back at home to keep more of theirs.

As the gentleman from Georgia [Mr. KINGSTON] points out, that dollars go to the government because of taxes. Study after study has indicated that about 50 percent of household income in this country ends up in the pocket of the government at some level, about 38 percent in Federal and State local taxes.

I come from New York where that number is even higher. And then you add in the indirect cost of everybody and the goods and services we buy. That means, as the gentleman points out, one income earner in every family has got to be working to provide the government with the dollars. That is just fundamentally wrong. It removes the choice from the families, maybe parents stay home with the child or the vacation they want to take or something else they want to do to enhance the quality of life with their children.

No. 2, we just keep putting these burdens on and putting them on without any rational reason because of the money we are wasting here in Washington. We undermine the people's faith in government. I think it is time, whether it is in the form of that $500-per-child tax credit, whether it is rolling back the tax on investment and saving, some people call it capital gains. That is a tax on investment and savings, and also the death taxes.

Mr. PARKER. If the gentleman would yield, this is an interesting thing, because I always hear the liberals talk about the capital gains as being a tax break for the wealthy, and I have always been fascinated by that.

I turn around and look at somebody and they have worked hard all their life, they consider themselves middle class, and they bought a house in the 1950's and they are coming up close to retirement and they bought a house for $25,000, and they turn around and that house has increased in value over the last 40 years a considerable amount. And let us say that house is now $100,000, they have an increase of $75,000.

The question is this: When you get that check for $100,000, which that took care of the $25,000 original investment and the $75,000 increase, do you think the Federal Government is owed basically one-third of that amount? Do they need to get a check for between $20,000 and $25,000? Do they deserve that? Is it their money?

My position is, it is not the Federal Government's money; it never was

their money; it should not be their money; and this tax should be changed. Whether it is on capital gains or estate tax, it is all the same principle. We are talking about private property rights here.

Mr. KINGSTON. If both the gentlemen would yield, let me just ask both of my colleagues, quiz time: What do these countries have in common? Australia, Canada, Egypt, Ghana, India, Indonesia, Israel, Kuwait, New Zealand, Switzerland, Uruguay? What do they have in common?

Mr. PARKER. I would hope they have no capital gains.

Mr. KINGSTON. No death taxes.

Mr. PAXON. Well, they are way ahead of us.

Mr. KINGSTON. The gentleman from Erie County [Mr. PAXON], where my dad is from, knows well that there are a whole lot of his friends who are probably now working and living in Canada, a lot of people he went to high school with.

□ 1630

I went to school at Michigan State. A whole bunch of folks, brothers ended up over there for other reasons. But the reality is for people to move from border States in America to avoid taxes is a great one.

Mr. PAXON. Let me just say to the gentleman, I live in a community that has been devastated economically over the years by the flight of jobs outside the country, moving outside of New York State and one reason, we for 20 years in New York until Governor Pataki came along had a policy in New York, tax everything the highest in the country. In addition to the Federal death taxes, the State death taxes are such that today when you pass away in New York State, you can almost be assured of the fact that your business is going to be dissipated. What that has meant is those jobs are gone. We go right back to what we started with. Families are harmed. It is the family that ends up getting hurt. I am tired of the politicians in Washington talking about class warfare, helping the rich, hurting the poor and all this about the rich. Who ends up getting hurt the most? It ends up being Joe and Mary 6–Pack out on Main Street trying to earn a living, working in a small business and when that business is dissipated, their jobs are gone. When they try to sell their house and the Government takes their money, that means their kids may not have an education or they may not be able to retire someday, or some politicians in Washington say, ''We don't want to give them that $500 per child tax credit because it doesn't mean anything,'' they forget that to Joe and Mary back home it may mean the difference in that kid getting a better education or putting food on the table.

It is time we remember it is our constituents' money, it is not ours, it is not the IRS's or the Government's.

Mr. PARKER. Let me point out something. We are talking about a private property issue. Private property rights is I think the cornerstone of our Nation. It is fundamental.

I like liberals. I always have. I think liberals are very important, because they have done some important things for our Nation. They have brought to light certain things that we needed brought to light. But a lot of times their solutions, I do not care for. I think that liberals have a right to believe the way they want to believe. This is America. But one problem that I have, and we disagree strongly with this, there are a lot of liberals in this country who believe that all property belongs to the people collectively. There is no such thing as private property rights. When we look at things like capital gains but more importantly when we look at things like death taxes, it really brings it to the fore. People have to understand that the Federal Government does not own this property. They act as though they do. We as individual citizens have paid for this property. We have paid for this business out of the blood and sweat of our own bodies. The Government has done nothing except try to inhibit us. Because of that, the Government has no right to come in and say, ''We want part of that.'' I believe there should be absolutely no death tax. One of the purposes of this special order today, and there are going to be many more of these, is because this point is coming home to people finally. People are finally understanding that we must be in a position where we change the direction of this country. We do that by changing the fundamental tax structure. We are going to be talking about different items concerning the death tax and how it affects people and the changes that need to occur so that the American people will understand exactly what is going to happen to them. Many of them are not aware.

Mr. KINGSTON. If the gentleman will yield, I want to make a point. I am sorry the gentleman from New York [Mr. PAXON] left because he has this 1-year-old baby. I am sure that he and the gentlewoman from New York [Ms. MOLINARI] will be fortunate enough to have other children and before they know it, they are going to be doing what we do in the Kingston household nearly every weekend, and, that is, we go down to the sports complex and watch one of our four children playing baseball, tee ball, or soccer. My wife Libby is the soccer mom. That is what we do. We drive station wagons, we have got two girls and two boys, and they are playing sports. Out there on the soccer field are tons and tons of other soccer moms. These are people who work real hard and they kind of cram all their recreation into a 48-hour period called the weekend. But during the week they are working hard, paying taxes, trying to raise their children right, working two jobs, doing homework, doing laundry, organizing school, PTA-type activities, volunteering at the hospital or the United Way and so forth. These are the people that this tax system is kicking in the face.

Money Magazine this month has a great article on the profile of the millionaire. It says, if you think millionaires are the people who are living in these huge houses with brand new cars and beach or mountain houses or whatever, you are wrong. Most of those folks are simply in debt and in debt in a very, very big way. The typical millionaire, according to the Money Magazine survey, and it was a national survey, are the people who have worked in the same job 20 to 30 years, many school teachers, for example, they are people who own their own business, but not big, expensive businesses, dry cleaners, scrap metal, whatever, just what you would assume is maybe a modest business, if you will. They are folks who live under their means. They do not buy the house that they can afford, according to their real estate agent, they buy the house they feel comfortable with so they can pay it off. They work 60 hours a week, they work 50 hours a week, they save 15 percent of their income, they tend to stay married, they tend to not go on fancy vacations. They really have what we would call in psychology a dull, normal lifestyle. They are just regular folks. Yet those are the people who are paying for the whole $4.5 trillion budget that we have in Washington.

Mr. PARKER. We have got a lot of people around this country when I am talking to them about death taxes, they sit back and go, ''That doesn't affect me.'' But whenever I start asking them, I say, ''Didn't you inherit a little bit of land from your daddy and mama?''

''Well, yeah, I've got 150 acres.''

''Do you know what the current value is?''

They think in terms of what the value was when they inherited it. But inflation has changed that over a period of time. It shocks a lot of people out there to realize that the IRS comes in and values their property much more than they think their property is worth. They are looking at it from a realistic standpoint. The IRS looks at it from a fair market value and what other property has sold in the region. They have all these criteria.

What happens is all of a sudden these people who turn around and say, ''Hey, I'm not rich, I don't have that much,'' they find out whenever the time comes that they had more than they thought. All of a sudden the Federal Government is going to come in and say, ''By the way, we're going to take part of that.'' That is when it hits home. That is when all of a sudden people are in a situation that they say, ''Hey, I had no idea that I was going to be affected.''

Let me point out, we spend in this body all kind of time talking about investment and savings. We need more investment and savings. I must tell the gentleman, if we reward investment and savings, we are going to get more of it. If we penalize it, we are going to get less of it.

It is no wonder that we have a lot of people in this country who do not worry about investment and savings because some of them realize that whenever their time comes, after they have spent a lifetime working, that the Federal Government is going to come in and confiscate it. If that occurs, all of a sudden all they have worked for all of these years is null and void.

We as a Nation have got to change that. We as a Congress have got to realize that the people in this country are pretty much fed up, they are sick and tired of being sick and tired and they are ready to make some changes.

Mr. KINGSTON. Going back again to the middle class soccer moms and dads, one of the taxes that we Republicans are pushing is a $500 per child tax credit. In sophisticated boardrooms, folks do not want that. That is the least popular. However, that is the one that is going to benefit the most people. I support it for that reason.

Number two, because it is the biggest cut in the size of the Federal Government. The less money middle class folks send to Washington, the less influence Uncle Sam is going to have on their lives and the less the bureaucracy in Washington is going to be able to grow.

What is ironic is that the President of the United States now, instead of giving a $500 per child tax credit to working, let me repeat that, working middle-class taxpayers, he wants to make it a welfare payment to people who are not working enough to pay taxes. In other words, we have got the Jones family over here who is busting their tails working 50 or 60 hours a week, mom, 50, 60 hours a week, dad, and they are in line for a $500 per child tax credit, and we have got some other folks who are working through public assistance type programs but they are not paying taxes. The President wants to give them both a $500 per child tax credit, but the difference is this group right here, they are paying taxes, and the other group is not paying taxes, so it is just a gift to them. It is an expansion of welfare even though the welfare rolls are decreasing.

I know we are talking death taxes, but again it goes back to the overtaxation of working, middle-class Americans. The harder you have to work, the less time you have at home. The less time you have at home, the less time you have to impart information and values to your children.

One thing I have learned about children, I guess two things. Number one, it is the hardest thing in the world to try to get them on the right path. I do not know what I am doing wrong. If anybody has suggestions, let me know. I try my best. Anybody who has been a parent knows the feeling.

Number two, you have got to spend lots of time with kids trying to teach them right from wrong, trying to teach them the work ethic. It is not any fun doing homework, it is not any fun memorizing multiplication tables, it is not any fun waking up 7 days a week and making your bed and picking up laundry, but I know this, that it is all tied into the big picture. As a father and Libby as their mother, if we do our part, then they will grow up one day to be independent, independent of government programs and government dependency. They will be taxpayers.

Mr. PARKER. That independence that the gentleman is talking about basically is getting the government out of somebody's pocketbook and out of their lives.

I must tell the gentleman, some of this stuff is pretty simple to me. One of the reasons I support the death penalty is because I know for a fact that whenever that murderer is put to death, he will commit no more crimes. No more crimes will be committed by that individual. I support that.

I also support certain things that other people look at a little odd, I think. I listened around here to Democrats, and Republicans, talk about shutting down the Federal Government. Democrats were tickled to death that the Republicans were blamed with the shutdown. The Republicans were all worried that they were getting blamed with the shutdown. My personal view is a little bit differently. I do not think the American people were that upset with the government shutting down. I think they were more upset that we opened it back up.

My personal view is they would have liked to have seen the government shut down, and I wanted to see it shut down for longer than it was, simply because the American people after a few months would realize they do not need a lot of the things that the Federal Government says that we have to have in order to survive.

I think that makes a tremendous amount of sense. Why do we have all these programs? Why do we have programs that are not working? Why do we add new programs without getting rid of the old programs? Why do we have over 700 programs in the Department of Education? When the President says that a lot of those programs are not working, instead of getting rid of a lot of the programs that are there, he just adds more on to it.

I think it is fascinating, and the American people are getting fed up with this. They are finally seeing that things need to be changed. One thing I like about the family tax credit is it gets the government, maybe just $500-per-child, but it gets that $500 away from the government and gives it back to the family.

Mr. KINGSTON. Per family, that is not going to make or break you necessarily. You are going to be able to buy some more stuff with it and it is going to be good, but it is going to help 11 million kids.

Let me give the gentleman some fun facts on taxes. The Tax Code itself is 5.6 million words. It is 7 times longer than the Bible, according to the Heritage Foundation. Americans spent last year about $225 billion to comply with the Tax Code, and they devoted 5.4 billion hours to comply with it.

□ 1645

And the Tax Foundation estimates that the median two-earner family paid 39.4 percent of its income in taxes last year, which had increased from 38.1 percent in 1995. And in 1955 the median two-income family just paid 27. 7 percent of income taxes. That is 10.7 percent less than what that same family paid in 1996.

Those are real numbers, and I will be happy to share those with anybody who wants.

Mr. PARKER. I thank the gentleman.

I yield now to the gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Well, I like to thank my colleague for yielding and certainly want to congratulate the gentleman from Mississippi [Mr. PARKER] and the gentleman from Georgia [Mr. KINGSTON] and others who have been to the floor this afternoon talking about the issue of taxes.

As the gentleman from Georgia just pointed out, the American people are paying more in taxes to all levels of government than at any time in the history of our country, and when we look at the middle class and the fact that wages are not growing as fast as we like, all we have to do is to begin to look at why this crunch is occurring to American families, and it is as a result of taxes, higher taxes at the Federal level, State level, local level that are continuing to take more of their hard earned paychecks.

I am proud of the fact that for the first time in 16 years this Congress is going to pass a plan that will cut taxes for middle-income Americans.

We are hearing an awful lot of demagoguery and noise coming from the White House and others that this plan only helps the rich, and it is just not true. Nine-three percent of the taxes that will be reduced in this plan are for people who make under $100,000 a year. Nine-three percent of the tax package goes to those people. As a matter of fact, 72 percent of the tax package goes to families that make between $20,000 a year and $70,000 a year.

So if you look at this package in terms of the focus and where the savings are going, they are going to American families who pay the bulk of our taxes.

Yes, the wealthy pay their share of taxes in America. But when you look at the numbers of people in America, most people find themselves in the middle class, and they are the ones that pay the big bulk of the taxes to this Government.

And I just want to come down to say I congratulate Mr. PARKER and Mr. KINGSTON and those that have been here before for standing here on the floor today and outlining to the American people just how important this tax package is.

Mr. PARKER. I thank the gentleman from Ohio [Mr. BOEHNER]. We do not

have but just a few minutes left, and I want to personally thank everyone that has been involved in the special order.

We are going to have special orders on this issue over the next few months, weeks and months, to familiarize the people of this country with what is going on. Now I realize that it is very true that you can save a lot of money to pay the taxes, or you can have insurance, or you can do different types of financial planning. But I want people to consider this one thing:

When you are preparing for death taxes, the average family business or farm spends nearly $20,000 in legal fees, $11,900 for accounting fees and $11,200 for other advisers. The typical small business owner normally makes around $40,000 a year.

Now I have got one question. Who among us who makes $40,000 a year can afford to meet the staggering burden of a death tax?

Now to me the clear solution is this: We should eliminate the death tax. It is an unfair tax. It is a tax that puts burdens on people when they do not need any more burden. It also creates an environment where people no longer want to save, they no longer want to work, there is no reason for them to, and we are not giving them an incentive. And we create an environment that hurts our economy, and hurts our small businesses and small farms all around this Nation.

People need to realize the effect it is going to have, and I am looking forward to the liberals in this body coming to the floor, justifying the death tax. I want to see them stand and tell the American people and our colleagues why we should confiscate property, why we should confiscate money from individuals when they die, and spread it around and hurt people for doing what we ask people to do every day, and that is to work hard, to save, to take care of their families, to create jobs, to build their business, to make life better for their fellow man and their community. I want to see people come and defend that, the whole idea of death taxes.

Mr. Speaker, I think when that occurs, we will see the American people understand what position and what side they should be on, and I am looking forward to this debate over and over again until we get total repeal of the death tax.

THE CLEAN AIR ACT AND THE CLEAN AIR ACT AMENDMENTS HAVE BEEN A GREAT SUCCESS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Pennsylvania [Mr. KLINK] is recognized for 60 minutes.

Mr. KLINK. Mr. Speaker, as with the previous gentleman speaking, when the Government takes action or the Government takes inaction, it has an impact on all of our lives. Sometimes that impact that the Government has on our lives can be positive, and other times it can be negative.

I would agree with many Republicans and Democrats, with many liberals and conservatives, with many in industry and in labor and in the environmental movement that one of the positive things that the government has done is to provide us with clean air. The Clean Air Act and Clean Air Act amendments have been a great success.

Coming from my region of western Pennsylvania where we had unbelievably dirty air because of the heavy industry and the steel mills, and you go back 30, 40, 50 years ago, our region was once described as hell with the lid off. In midday the sun would be blackened out by the soot that would be coming out of smokestacks that would not allow the sunshine to get down to the people on the earth, and people had tremendous problems breathing. In Donora, PA, people were actually dropping dead in the street many decades ago as they were the victims of a temperature inversion and all of the poisons that were spewed into the air.

We have gotten beyond that, and in fact, I would invite, Mr. Speaker, you or any of my colleagues to come to Pittsburgh, PA, today. It is a beautiful city, it is a clean city. The air is clean, the water is clean, and in all of our three rivers, which we are so famous for, you can now catch fish. But where there were once mill sites there is now level land. Where there were once tens of thousands of manufacturing jobs, there is now in many instances desperation and poverty. We are coming back in many areas; many areas, we are still going down.

That is why I am here today, because I fear that my Federal Government, that Federal Government that I am a part of as an elected Representative of Congress, is about to make a very severe error. I am afraid that we are about to reverse what has been a steady increase toward cleaner air, and in what is a veiled attempt, I think, to try to tighten clean air regulations, my fear is that the EPA and anyone else who goes along with them will, in fact, allow the air to remain dirty longer.

You see, we have definitive dates in place now whereby that soot; it is called particulate matter in scientific language, but all of that smoke stack soot that is going through the air, we are supposed to be reaching certain goals, and have that air cleaned, and we have been doing that. And that ozone, which is technical talk for smog, we have areas including here in Washington, DC, and Baltimore, specific periods in time at which we are to reach the goals and specific goals have been set.

Well, here comes a lawsuit by the American Lung Association, and they are rightfully, I think, pointed out to the EPA that since we last took a look at particulate matter or smog back in 1987, many more than 5 years has passed, and according to the statute every 5 years the EPA is supposed to take a look at these issues.

And so it was that they went to court and they said to EPA you have to go back and you have to reexamine what you are doing with particulate matter. It does not mean they have to tighten the standards, it does not mean that they have to change the standards. It simply means they have to go back and review those standards.

And so, Mr. Speaker, they have, and they formed a scientific advisory group that has made some recommendations, and we, in the Committee on Commerce, two of our subcommittees, the oversight and investigation subcommittee of which I am the ranking Democrat and the health and environment subcommittee, held a series of hearings, and we heard from some of the scientists, and we heard from other interested people, and we heard from Carol Browner, the administrator of EPA. Over an 8-hour hearing we heard from Miss Browner. My concern is that it appears EPA is moving forward not to just review particulate matter, as they have been told to do, but they have also coupled this with changing the ozone standards. They were not supposed to do that. They were not told to do that. So when dealing with soot, with that particulate matter that we ingest into our lungs which could cause physical problems, that is complex enough. Why are we deciding to tackle two very difficult issues at the same time?

Well, I would say, Mr. Speaker, that after all of the hearings that we have had and after all of the questions that have been asked we still do not know. We have never gotten a straight answer. My fear is it is because that EPA understands that while there may be a stronger case for dealing with that soot that is in the air, there is a much weaker case for dealing with ozone. So they couple the two. They can head in the direction that they feel we need to head.

But what would be the ramifications of that? You might say, well, if we tighten the standards, we are all going to breathe healthier air. But the fact of the matter is that simply is not true, and that is why I have taken to the floor today. That is why many of my colleagues on both the Republican side and the Democratic side have been talking about this issue. That is why mayors and Governors and State legislators and local government officials and labor unions have begun to talk about this, because we fear that by changing the finish line in the middle of the race the race will never be finished. No matter what happens, and Carol Browner, the Administrator of the EPA, told us in the hearings, she has told others, environmentalists agree, I agree, my Republican colleagues agree that if we do nothing, we are still going to continue to clean the air. The air will get cleaner. We all want cleaner air.