that unreasonable and outrageous are to be found in the eyes of the beholder. A CEO that rescues a troubled company, creates thousands of jobs, increases shareholder value by 80 percent so that folks can help send their kids to colleges, maybe help a parent with long term health care, my guess is that if that person made a gazillion dollars he was probably underpaid. A CEO who runs a company into the ground, who loses 80 percent of shareholder value, maybe he isn't worth 50 cents.

But the question ought to be, what is the state of corporate governance in America, and the shareholders, do they have say so? They have the most important decision that they can make. Mr. Chairman, they don't have to buy the shares in the first place. And we know that the SEC has just engaged in creating even greater and more disclosure. So if shareholders have the opportunity not to purchase this stock in the first place, I don't understand, and if we have disclosure where it should be, why we are trying to mandate a voluntary, non binding referendum on executive compensation. I don't quite understand. Clearly, in America, you still have a right not to buy a stock.

Now, I have heard a lot about what I would characterize as the typical class warfare that we hear from our friends on the other side of the aisle. And it reminds me, sometimes, that one of the accepted forms, really in some respects of bigotry in this society is bigotry against those who are successful. And so we come and we see charts about this disparity in pay. But, you know, Mr. Chairman, the outrage seems to be kind of selective. Where is the outrage of the hundreds of millions of dollars made by personal injury, trial attorneys and tobacco attorneys, and their legal secretaries maybe make $30,000? Where is the outrage there? Where is the outrage at Hollywood actors and actresses making tens of millions of dollars, and the guy moving the set around, maybe he is making $20,000?

I recently learned that Julia Roberts made $25 million for the film Mona Lisa. It cost $65 million to make, but only earned $64 million at the U.S. box office. I don't know for a fact a public company had to pay that salary, but I suspect they did. Now, where is the moral outrage there?

And, in addition, where is the proposal for the mandatory, voluntary non binding referendum on the compensation that may be paid to one of these individuals?

I mean, what comes next? Are we going to have the mandate for the non binding shareholder referendum on the amount of R&D expenditures that a company makes? Perhaps their marketing budget, Mr. Chairman? Maybe their choice of an auditor? I mean, why do we stop here at executive compensation?

And let me speak momentarily about the mandate. My guess is that to any individual company, this mandate may not be too costly. And I was very happy to have, in the last Congress, the chairman's support on a piece of legislation that I worked on that provided regulatory relief for our financial institutions.

And it is not one particular item. And every single mandate may sound pretty good, looking at it singularly, but collectively they are all adding costs to these companies, and you have to ask yourself, is it serving a good purpose? Because if it isn't, what is helping send jobs overseas is too much regulation, litigation and taxation and we need to support the amendment and vote down the bill.

Mr. SCOTT of Georgia. Mr. Chairman, I move to strike the requisite number of words.

This has been a very lively debate and a very good debate. And I think it points out the need for us to examine this issue within the context of a very pressing concern the American people have. We are not up here because we have sat in a room someplace and decided this is what we ought to do. There is a great demand to bring some integrity, to bring some transparency and accountability to this whole issue of executive pay compensation that has gotten out of bounds. And our answer is simply to look at the system as it is there, as it is situated, and extend to the shareholders, to the board to make available to the shareholders on their proxy statement, a block that says, do you approve or you disapprove of the compensation packages. What happens after that we have nothing to do with. That is their decision to make.

And I think we have to also look at the whole issue of what is happening in America today, this whole issue of a war on the middle class; this great divide that is happening. I am telling you, it is dangerous to the future of this country.

This is simply an effort to respond, to give some confidence, and to give another tool, an effective tool that works within the system, that is very fair, that is very moderate, as an example of trying to correct a situation that clearly, clearly has gotten out of hand.

Now, you all have offered amendments. You have offered them in the committee. Now, in all deference to our chairman, our chairman has been very fair in the committee and on this floor and on the pension issue. He has clearly stated, as he did in committee, and again on the floor, we will have a hearing on this, where it should be.

But by the very nature of this issue even exploding into the area of pensions and other fiduciaries, it shows the great need for us to examine our compensation structure in the system.

Gentlemen on the other side, we owe it to the American people. We owe it to our system to protect it. Throughout history we have had to make adjustments. Go all the way back to the fall of the stock market, 1929. There are reasons that that happened. The SEC itself was born as a result of a need to do some things. And we continue to muscle right along.

I think it is very important that we put in the RECORD also, before we conclude tonight, because we have had some of our companies names bandied around here, one of which was Home Depot. And I certainly want to recognize Home Depot for moving and taking this issue on and understanding, even to them, the surprise and the concern and the tone that they want to correct for what happened with their predecessor, the CEO, Mr. Darnelli. They are now moving very aggressively to look at this issue itself.

And let me just read, for the RECORD here, Mr. Chairman, where it says that other companies have already begun a process of allowing their shareholders to decide on implementing say on pay. This week Citigroup, no class warfare here, Wachovia. No class war here. Coca-Cola are holding annual meetings at which time their shareholders will vote on say on your pay proposals.

Every company that has had a chance to weigh in on this issue is moving ahead because they know it is the right thing to do, because they know, at the end of the day, what is needed is for us to make sure that the confidence of that investor is strong.

That is what makes this country great. Our free enterprise system, our move here is to protect it. I commend the chairman, and I thank our committee for pushing this forward.

□ 2000

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. MCHENRY).

The question was taken; and the Acting Chairman announced that the noes appeared to have it.

Mr. MCHENRY. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from North Carolina will be postponed.

Mr. FRANK of Massachusetts. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. JOHNSON of Georgia) having assumed the chair, Mr. ETHERIDGE, Acting Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 1257) to amend the Securities Exchange Act of 1934 to provide shareholders with an advisory vote on executive compensation, had come to no resolution thereon.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, and under a previous order of the House, the following Members will be recognized for 5 minutes each.