

EXPRESSING APPRECIATION FOR THE CONTRIBUTION OF CHINESE ART AND CULTURE

Mr. GREGG. Mr. President, I ask unanimous consent that the Foreign Relations Committee be discharged from further consideration of S. Con. Res. 56 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the concurrent resolution by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 56) expressing appreciation for the contribution of Chinese art and culture and recognizing the Festival of China at the Kennedy Center.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. GREGG. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, with no intervening action or debate, and that any statements relating to this measure be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (S. Con. Res. 56) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 56

Whereas mutual cultural understanding and appreciation helps to advance the overall bilateral relationship between the United States and China;

Whereas Chinese cultural achievements have enriched the world for over 5,000 years;

Whereas Chinese artists both in China and in the United States have excelled in music, dance, fashion, theater, film, and the visual arts;

Whereas the John F. Kennedy Center for the Performing Arts is hosting a month-long celebration of Chinese cultural contributions at the Festival of China in October 2005;

Whereas the event, with more than 50 performances and exhibitions and over 800 artists, will be the largest festival in the history of the Kennedy Center;

Whereas the Kennedy Center characterizes the Festival of China as the "the largest celebration of Chinese performing arts in American history";

Whereas events like the Festival of China, along with efforts to promote educational and scientific cooperation between the United States and China, further mutual understanding between our two societies;

Whereas publicly- and privately-funded exchange programs and other forms of Sino-American contacts foster positive relations; and

Whereas cultural events like the Festival of China help strengthen diplomatic, commercial, and political cooperation between the United States and China: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—

(1) the diverse array of cultural contributions made by Chinese artists based in China, the United States, and around the world benefit the entire international community;

(2) the Kennedy Center, along with the Chinese Ministry of Culture, should be com-

mended for promoting Chinese achievement in the arts at the Festival of China;

(3) the significant undertaking and efforts necessary to organize the Festival of China provides a unique opportunity for bilateral cooperation;

(4) building upon the Festival of China, additional efforts that promote cultural understanding between the United States and China should be encouraged;

(5) the United States and China should work to promote cultural, as well as scientific and educational, cooperation between the two countries;

(6) the United States and China should continue to promote exchange programs, such as the Festival of China, as a vital tool for advancing mutual understanding and cooperation between the people of the United States and the people of China; and

(7) the hundreds of performers and individuals who have contributed their time and effort to make this landmark celebration of Chinese culture and the arts a success are to be congratulated.

ORDERS FOR WEDNESDAY, NOVEMBER 2, 2005

Mr. GREGG. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 8:30 a.m. on Wednesday, November 2. I further ask that following the prayer and the pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate resume consideration of S. 1932, as under the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. GREGG. Tomorrow, the Senate will continue its work on the deficit reduction bill, and under the time agreement, all time will expire at 6 p.m. tomorrow evening. I remind my colleagues to work with the bill managers if they plan to offer amendments. We will complete this bill this week. We will work through Thursday and Friday, if necessary, to finish this important measure. I encourage Senators to be judicious in offering amendments so that we can avoid a multiday vote-arama that will spill into Friday's session.

I remind Senators that we will need to dispose of the Agriculture appropriations conference report this week as well, and we will be slotting in debate time for that probably tomorrow evening.

MORNING BUSINESS

Mr. GREGG. I ask unanimous consent that there be a period for morning business with Senators permitted to speak up to 10 minutes each, with Senator WYDEN permitted to speak up to 20 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. WYDEN. Reserving the right to object—I do not intend to object—I ask to modify the unanimous consent re-

quest to speak for up to 20 minutes, and I would also like to ask, with the leave of the Chair and the ranking minority Member, that Senator NELSON be allowed up to 2 minutes. I think he had one additional comment that he wanted to make about his proposal.

Mr. GREGG. I believe my unanimous consent request was for 20 minutes for the Senator from Oregon, and I will add to that that the Senator from Florida be given 2 minutes.

Mr. WYDEN. I thank the distinguished chairman of the committee. I withdraw my reservation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT

Mr. GREGG. If there is no further business to come before the Senate, I ask that the Senate stand in adjournment under the previous order, following the remarks of the Senator from Florida and the Senator from Oregon.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Florida.

MEDICARE PART B

Mr. NELSON of Florida. Mr. President, I rise to respond to the Senator from New Hampshire, to point out that the offset to the amendment that would freeze the Medicare Part B premium for senior citizens is not as the Senator from New Hampshire had been led to believe in Medicare Part D, which is the prescription drug benefit. No, the offset is in the new proposed changes to Medicaid that would make Medicaid be distributed through the States through managed care.

Under the current law, the prescription drugs that are available through Medicaid have to be discounted and provided to Medicaid recipients. The new waivers to the States allowing Medicaid to be dispensed through HMOs is going to allow those discounts to go away, and it will be a negotiated item. There is a savings of up to \$2 billion if one does not allow that law to be changed so that the discount goes away by law.

Therefore, Medicaid recipients very possibly pay more. It is that savings, by keeping that discount of up to \$2 billion, which is the offset that we pay for, keeping senior citizens whole by not raising their Medicare Part B premiums.

The PRESIDING OFFICER. The Senator from Oregon.

AMERICA CAN DO BETTER

Mr. WYDEN. Mr. President, America can do better than making a policeman walking the beat pay a higher Federal tax rate than someone who makes their money on capital gains and dividends. Unfortunately, the Advisory Panel on Federal Tax Reform today

sent to the President a recommendation that will widen the gap between our middle class workers and the fortunate few.

I am a Democrat who believes in markets, I believe in wealth creation, I believe in entrepreneurship, but I also believe in what Henry Ford said. He, of course, was the great industrialist. He made it clear that he wanted to make money and he wanted to do well but he said: For me to make money, my workers have to have enough money to be able to buy my cars.

What concerns me tonight is that the middle class, the folks who are hurting, have gotten short shrift once again from the special advisory panel on tax reform.

These are the folks, the middle class folks, who are walking an economic tightrope, balancing their medical bills against their energy bills, trying to set aside money to save for retirement and health. They are the ones who deserve a break.

I heard mention tonight that Democrats, Senators on my side of the aisle, were not interested in cutting taxes. Well, I proposed last week to cut taxes for millions of middle class people and folks with incomes up to \$150,000 by eliminating scores of exemptions, deductions and special interest breaks that exist on both the individual side of the code and the corporate side of the code.

What we saw today is the special advisory panel on tax reform wanted none of that. They did not want to make those kinds of tough choices that step on the toes of special interests, powerful interests with big lobbies. Instead, what they did is take it once again out of the hide of middle income people who would be asked to give up tax breaks and support for concerns such as child care.

When we already have a big gap between those who work for wages and those who make their income on capital gains and dividends, how can it be that it is now proposed to widen that gap?

I think we would be well advised to look back to 1986, when the late President Reagan worked in a bipartisan way with Democrats, both with the Senate and the other body, to come up with a proposal that I think—certainly its foundation would be very appealing now. It makes sure that all income is treated equally. That is what this country has always been about. I do not want to soak anybody. I do not want to discriminate against anybody. But I do not think it is right for workers to have to pay a higher effective tax rate than those who make their money on capital gains and dividends.

Income ought to be treated the same. That is what the country is all about. It seems to me that the advisory panel on tax reform missed a big opportunity today when they widened the gap between those who work for wages and those who make their income from wealth.

If one looks at the tax panel's recommendations, in effect, they throw three strikes at the middle class and they lob softballs to the special interests. The first pitch is a slider that shifts a sizable tax burden away from those at the top to the middle income taxpayers. That is followed by a fast ball that takes away many of the deductions and credits such as those for child care and medical needs that middle income Americans have come to rely on. The third pitch is a change-up. The plan may look revenue neutral, but when it flies across the plate, it adds billions of dollars to the budget deficit and will force middle class Americans and their children to pay for tax cuts for the fortunate few.

Under this special advisory panel plan that was proposed today, the middle class simply strikes out. Certainly, those who are at the top are going to enjoy the grand slam that is offered by the panel's plan. The panel would cut their tax rates, those at the very top, once again and there is not the kind of massive housecleaning of the tax system either.

I proposed in my legislation, S. 1927, the Fair Flat Tax Act of 2005, that everybody pays their fair share, not just cutting the tax rates for the fortunate, making up for it by having the middle class subsidize those tax breaks, but mine would treat all income equally. To carry out our proposal, we include a new, simplified 1040 form, one page, 30 lines, for every individual taxpayer. There are three brackets rather than the current system.

Under my proposal the brackets are 15, 25, and 35, and we create a flat corporate rate of 35 percent. This plan is more fair because it would no longer disproportionately favor the most affluent at the expense of the middle class.

Certainly, the tax breaks that my legislation calls for step on toes. I pay for those middle class tax cuts. The proposal has been scored by the experts at the Congressional Research Service. I pay for the middle class tax cut by eliminating scores of tax breaks that are now in the Code for individuals and businesses. Certainly, some of them are going to object, already have. It seems to me that it is worth it to make a radical statement about tax laws, and that is that America can do better than a two-tiered tax system which forces a policeman to pay a higher effective tax rate than an investor who makes his income on capital gains dividends. What is fair about taxing a firefighter's hard-earned wages at a higher percentage than a corporate executive?

Under the current Federal Tax Code, all income is not created equal, and under what the panel proposed today to the President of the United States, the equality gap between the middle class and the fortunate few is going to grow.

Under the proposal that was sent to the President today, Americans who work for wages would further subsidize the cuts, credits, and deferrals of those

who make their money from investments such as capital gains and dividends.

Personally, I think there were other opportunities for innovations that the panel missed. For example, I proposed in my legislation to end favoritism for itemizers. We do that by tripling the standard deduction for single filers from \$5,000 to \$15,000 and raise the deduction from \$10,000 to \$30,000 for married couples.

I eliminate the alternative minimum tax, which could snare as many as 21 million Americans in 2006. But instead of forcing middle-class people to pay for that, I go after some of those breaks and exemptions and special interest favors that have made their way into the Tax Code.

I will also say that the panel should have moved to correct a glaring inequity in the current tax system, which is regressive State and local taxes. They were advised about how regressive the State and local taxes have become, but unfortunately they took a pass on dealing with this issue as well.

Under current law, low- and middle-income taxpayers get hit with a double whammy. Compared to the fortunate few, they pay more of their income in State and local taxes. Poor families pay more than 11 percent, and middle-income families pay about 10 percent of their income in State and local taxes, while the most affluent pay much less, only about half that. Because many low- and middle-income taxpayers do not itemize, they get no credit on their Federal form for paying State and local taxes. In fact, two-thirds of the Federal deduction for State and local taxes goes to those with incomes above \$100,000.

Under my legislation, the Fair Flat Tax Act, for the first time the Federal Tax Code would look at an individual's entire tax situation. My legislation would look at an individual's combined Federal, State, and local tax burden and give credit to low- and middle-income individuals to correct for regressive State and local taxes. By contrast, the advisory panel that reported to the President today proposes to eliminate the current State and local tax deduction with no credit or other mechanism to address the total tax burden that is paid by individuals in this country. So once again, the panel's approach further skews the overall tax burden toward low- and middle-income taxpayers, with the fortunate few benefiting and the middle class getting hammered again.

The proposal I have made keeps in place the deductions most important for our middle-class citizens and particularly the investments they make—the investments they make in their home, in their retirement, in education—those concerns that are so important to maintaining a middle class in our country.

In contrast to the proposal made by the advisory panel today, my legislation means that the vast majority of

American taxpayers will see a cut, particularly the middle class in our country. The Congressional Research Service has indicated that all Americans, particularly the middle class and those with incomes up to \$150,000, will see tax relief. The President's panel, the advisory panel that reported today, itself said that most taxpayers under its plan will not see much difference in their taxes.

We are going to have a battle of ideas. We hear often that there ought to be a debate about specific proposals. Now we have one. The advisory panel that reported to the President of the United States said, by their own analysis, that most taxpayers under their proposal will not see much difference in their taxes.

Under the proposal I have made for a fair, flat tax rate, what is going to happen in this country, according to the independent analysts at the Congressional Research Service, is that millions of middle-class people will get a tax cut, and all Americans with incomes up to \$150,000 will see tax relief. Where the panel throws strikes at the middle class, I say it is time to give the middle class a break. I certainly question the fairness of the President further cutting tax rates for those who are the most affluent in this country while the gap widens between those who depend on their wages to support their families.

Finally, to illustrate the contrast, the proposal made by the panel today does nothing to deal with the hemorrhage that we have in the Federal budget. My proposal, on the other hand, according to the Congressional Research Service, makes a real start at reducing the budget deficit and would actually whittle down these budget deficits approximately \$100 billion over the next 5 years.

In summary, I am very troubled by the recommendations coming from the advisory panel today because they continue to twist the Tax Code away from equal treatment of all income, widening the chasm between people who get wages and people who collect dividends. I am troubled that it hits middle-class Americans especially hard, but it treats the special interests and the affluent with kid gloves. And I simply cannot find a sound rationale for adding massively to the country's deficit the way the advisory panel would do. Making the Tax Code simpler and flatter is going to help make it fairer.

What is really needed is to provide actual, concrete tax relief to the middle class and to treat work and wealth equally. That was what was done in 1986.

I have been asked several times since introducing this legislation. How is anything going to happen now? The advisory panel's proposal probably goes off to the Federal agency on collecting dust, where they send these commission reports that do not get a lot of attention. But I will tell you that I think there is a chance to strike a chord out across the country with the middle class. That was what was done in 1986 when, on a bipartisan basis, President Reagan and several leading Democrats said, as I am suggesting tonight: America can do better than to tax the middle-class person's wages at a higher rate than it does the people who make their money on capital gains and dividends. If it was good enough for Ronald Reagan in 1986, I think it ought to be pretty appealing to this Congress tonight and in the days ahead.

Now that the debate has been joined, we have the advisory panel's proposal which shows again what their priorities are, which I have outlined tonight. I think they are unfortunate. The legislation I have authored would give significant tax cuts to middle-class folks by eliminating scores of exemptions and deductions and would reduce the Federal deficit at a time when these budget books are hemorrhaging.

The debate is joined. There are two clear alternatives, two clear approaches to this issue of how to approach tax reform now on the table. I look forward to the debate. It is my hope that the Congress, as was done in 1986, can decide this is time to cleanse the Tax Code. Ever since 1986, one break, one exemption, one deduction after another has been added to the Code. Unfortunately, not many of those breaks went to the middle class. They did go to the fortunate few. Now we have a budget deficit that is hemorrhaging and a middle class that is hurting.

Folks want to know what the difference is between the various parties with respect to tax reform. The difference could not be clearer tonight between what I have proposed, a Fair Flat Tax Act, and what the advisory panel proposed this afternoon. I hope the Senate can come together, as was done in 1986, and cleanse the tax system again, since that exercise has not

been pursued in 20 years. It can be done on a bipartisan basis as was done in 1986.

I look forward to working with colleagues. I serve on the Finance Committee where such a debate will start. I look forward to working with colleagues on a bipartisan basis.

I yield the floor.

ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 8:30 a.m. tomorrow.

Thereupon, the Senate, at 8:23 p.m., adjourned until Wednesday, November 2, 2005, at 8:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 1, 2005:

FEDERAL RESERVE SYSTEM

BEN S. BERNANKE, OF NEW JERSEY, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR A TERM OF FOURTEEN YEARS FROM FEBRUARY 1, 2006, VICE ALAN GREENSPAN, TERM EXPIRING.

BEN S. BERNANKE, OF NEW JERSEY, TO BE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR A TERM OF FOUR YEARS, VICE ALAN GREENSPAN.

DEPARTMENT OF STATE

STEVEN ALAN BROWNING, OF TEXAS, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF UGANDA.

JEANINE E. JACKSON, OF WYOMING, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO BURKINA FASO.

IN THE COAST GUARD

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES COAST GUARD RESERVE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be rear admiral

REAR ADM. (LH) JOHN C. ACTON, 0000

WITHDRAWALS

Executive message transmitted by the President to the Senate on November 1, 2005 withdrawing from further Senate consideration the following nominations:

ROGER FRANCISCO NORIEGA, OF KANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE INTER-AMERICAN FOUNDATION FOR A TERM EXPIRING SEPTEMBER 20, 2006, WHICH WAS SENT TO THE SENATE ON JANUARY 4, 2005.

ROGER FRANCISCO NORIEGA, OF KANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE INTER-AMERICAN FOUNDATION FOR A TERM EXPIRING SEPTEMBER 20, 2006, WHICH WAS SENT TO THE SENATE ON FEBRUARY 14, 2005.