new Government spending. I think it is appropriate that we use this bill to provide tax relief to the people who are going to be paying increased taxes on tobacco.

The amendment's phaseout of the marriage penalty for couples with incomes of less than $50,000 is a solid first step to eliminating the marriage penalty completely. We should be encouraging people to marry and raise their children in a marriage.

Under current law, many two-income wage earners, particularly if they are both earning good wages, are penalized by paying higher taxes as a result of being married than they would be paying if they were single. In addition, I think it is fitting that part of the tobacco tax revenues will be used to ease the burdens of the tax increase which will be borne by Americans in the lowest tax brackets.

I am also extremely pleased that part of these revenues will be used to eliminate another inequity in the Tax Code—the deductibility of health insurance for the self-employed. This amendment will finally—finally—make full deductibility a reality beginning next year.

Again, it is fitting to use tobacco revenues for this purpose since two-thirds of families headed by a self-employed individual with no health insurance earn less than $50,000 a year. That is from a March 1997 Current Population Survey. I don't have in hand the statistics on the number of those people who may be tobacco users, but I suspect that it is a significant number who would be taxed by the increased cost of cigarettes who would find it difficult to make commitments, like buying health insurance, if they don't have this relief.

Today, while the self-employed, as a result of our actions in the last couple of years, which I led and strongly supported, can deduct 45 percent of their health insurance costs, they are still not on a level playing field with large businesses which can deduct 100 percent.

While the self-employed are slated to have full deductibility in 2007, and I am very grateful to the Members of this body who supported our efforts to get that goal, what self-employed person or family members can wait 9 more years to get sick? It just isn't going to happen. Nobody is willing to wait 9 years to get their health insurance, and we should not wait 9 years to give them fair tax treatment for buying health insurance for themselves and their families.

An immediate increase in the deduction to 100 percent would make health insurance more affordable and accessible to 5.4 million Americans in families headed by self-employed individuals who currently have no health insurance. Full deductibility will also help bring insurance to 1.5 million children who live in households headed by self-employed individuals where there is no health insurance.

Coverage of these self-employed individuals and their children through the self-employed health insurance deduction will enable the private sector to address the health care needs of these individuals rather than having an expensive, intrusive, and burdensome Federal bureaucracy to do it.

It has long been my goal that the self-employed have immediate 100 percent deductibility of health insurance costs. I have sought every opportunity to achieve that goal.

In 1995, my amendment to the Balanced Budget Act, which President Clinton vetoed, would have increased the health insurance deduction for the self-employed to 50 percent.

In 1996, I worked with Senator Kassebaum and Senator KENNEDY to include in the Health Insurance Portability and Accountability Act an increase in the self-employed health insurance deduction incrementally over 10 years to 80 percent.

In 1997, provisions of my Home-Based Business Fairness Act were included in the Taxpayer Relief Act of 1997, finally increasing the deduction to 100 percent in 2007 and accelerating the phase-in over existing law.

This year, I and others who have been strong supporters, on a bipartisan basis, of this measure worked with Chairman DOMENICI to include language in the budget resolution calling for funds to be available to accelerate the 100-percent deductibility of health insurance by the self-employed.

If this tobacco bill is signed into law without full deductibility, I intend to be back—and I will be back as many times as it takes—to finish the job. Right now, full deductibility is available in 2007. I intend to be here to see it move up to an immediate deductibility to end the glaring unfairness of the discrimination against people who have to buy their own health insurance who are not provided health insurance by their employer.

The goal of providing full deductibility of health insurance costs for the self-employed has long enjoyed broad bipartisan support. My colleague who was just on the floor has long championed it. We do have support on both sides of the aisle. We have support from small business, we have support from agriculture, because it is right, it is necessary.

We are talking about health care. We are talking about eliminating a penalty, a tax penalty that discourages people from being able to acquire their own health insurance for themselves and their families.

Let us continue the spirit of bipartisanship by adopting this amendment and not miss an opportunity to help the self-employed get the insurance coverage they need and deserve. I look forward to working with my colleagues on this amendment when it comes to the floor. I intend to be a cosponsor. And I trust that we will have a strong bipartisan majority for the amendment when it is offered.

Mr. President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent that Robin Buhrke, who is a fellow in my office, be allowed to be on the floor while I speak.

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

Mr. WELLSTONE. I thank the Chair.

I ask unanimous consent that I be allowed to speak as in morning business.

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

NOMINATION OF JAMES C. HORMEL

Mr. WELLSTONE. Mr. President, I rise today to speak again—and I shall be relatively brief—about the nomination of James C. Hormel to be United States Ambassador to Luxembourg.

I point out to colleagues that it has now been more than 8 months that his nomination has languished, awaiting an opportunity for us to consider this on the Senate floor. I have spoken on the floor before about Mr. Hormel.

Let me just make one point. We in fact have voted before on Mr. Hormel when we made the decision as to whether or not he would be a representative to the U.S. delegation to the 51st U.N. General Assembly. As I look at his qualifications, he has had a tremendous amount of success as a businessman, a tremendous amount of success as a lawyer, a tremendous amount of success in philanthropy, a tremendous amount of success from the point of view of very, very moving, very personal testimony by his former wife, his children, his family members, people who really know him well—and, I say to the Chair, people who know him not from the point of view of formal credentials, not from the point of view of any political fight, but from the point of view of kind of measuring the character of a person.

My feeling is, colleagues can have different views about this nomination, but I believe it is extremely important that this nomination be brought to the floor. I've said it before. I have spoken any number of different times on the floor about Mr. Hormel. What I have said is that if there is a debate about his qualifications, that is quite one thing. If so, then let us have that debate.

But I do not want the Senate to deny a nomination to anyone because of their sexual orientation. I think that would be discrimination. It's not just that I think that would be discrimination; it would be discrimination. And I think it is terribly important that the Senate take a long, hard look at itself and, at the very minimum, we have the debate. I think to be silent about this is a betrayal of what the Senate stands for, which is a fundamental respect for the dignity and worth of each and every person.

The reason I come to the floor is just to say, colleagues, we have the tobacco bill before us. And we have had a number of amendments. We have still got a long ways to go. I do not know that I will bring an amendment to the floor on this bill or not, in any case. But certainly if not the tobacco bill, on the next bill—or the next appropriate vehicle, as soon as possible; the sooner the better—I will have an amendment which in some way puts a focus on this whole question of judging a person by the content of his or her character, judging them by their qualifications, judging them by their leadership, and in no way, shape, or form making any kind of judgment based upon any form of discrimination.

Understand me, because I am talking—and a friend of mine is presiding, a good friend, someone whom I disagree with, but whom I really like a lot. And I hope it is mutual. I am not arguing that different people can't have different views, and I am not arguing that there are some who in very good faith may oppose this nomination. Absolutely not. But I just think that there are some big questions to be resolved here.

It is terribly important we not just block this. It is terribly important we have an honest discussion and an honest debate and we have an up-or-down vote. I think my role as a Senator is to bring some amendments to the floor on pieces of legislation to put this into very sharp focus.

PRIVATIZATION OF SOCIAL SECURITY

Mr. WELLSTONE. Mr. President, I also, if I could, want to take just a few minutes to speak about Social Security, about its future, and about a campaign under way to trade it in for a privatized system like the one we have in Chile.

President Clinton has called for a nationwide debate on Social Security for the balance of this year, to be followed by a White House conference in December and legislative action early next year. I think it is time—perhaps well past time—for the defenders of Social Security to speak up and be heard.

As far as I am concerned, Social Security is one of America's proudest accomplishments of the 20th century. It has given retirement security to Americans of all ages and has rescued millions of seniors from the scourge of poverty. Everyone says they want to protect and preserve this remarkably efficient and effective program which is so beloved by the American people. But you would never know it, judging from the direction the debate is taking.

The premise of the debate is that Social Security is on the verge of bankruptcy and must be transformed in order to survive. I strongly disagree. Social Security is not in crisis. It is not broke. It is not facing bankruptcy. It may need some modest adjustments, but the greatest dangers facing Social Security today are the many misguided proposals to ''fix'' it.

You can hardly open a newspaper these days without reading about the impending collapse of Social Security. This is nonsense. Social Security is now taking in $101 billion more each year than it pays out in benefits.

In April, the Social Security trustees reported that the trust funds will be able to cover benefits for the next 34 years, until the year 2032. After that, without any changes to the system, it will still be able to pay out 70 to 75 percent of the promised benefits, virtually indefinitely without any change whatever in the system. There is no reason why Social Security should come to an abrupt end in 2032 or any time thereafter.

Some would seize upon this projected funding imbalance decades from now as an excuse to undermine the program. They want to replace Social Security with a privatized system in which retirement security depends solely on success in playing the financial markets. But why would we want to get rid of a program that has worked so well? Why should we want to ''end Social Security as we know it?'' In fact, that's what I think some of these proposals should be called—''ending Social Security as we know it.''

If we really want to protect and preserve Social Security, we should be guided by two principles. First, we should focus all of our energies on the real problem, which is a possible imbalance in the trust funds after the year 2032. Second, under no circumstances should we allow funding for Social Security to be squandered on the fees, commissions, and overhead of Wall Street middlemen.

There are a number of ways to go about this. Several prominent economists have come forward with detailed reform packages that would guarantee long-term balance of the trust funds. Other proposals will be coming out soon. These are relatively minor adjustments to the current system. They are not radical surgery.

Privatization, on the other hand, is radical surgery. And it doesn't even solve the problem. In fact, it actually takes away money from the trust funds.

How could that be? The answer is so-called ''transition costs.'' They are really going to be a huge problem. Right now, over 80 percent of payroll taxes are used to pay benefits for current retirees. Under a privatized system, those payroll taxes would be diverted into individual retirement accounts. But younger workers would still have to pay payroll taxes to fund benefits for current retirees. In effect, they would be paying twice. There is no way of doing that without increasing taxes, cutting benefits, or depleting the trust funds.

Here is an idea: Instead of paying unnecessary transition costs, what if we used that money to restore the trust funds? The same goes for the more modest steps toward privatization now being discussed in Congress. Some members have proposed diverting 1, 2 or 3 percent of the 12.4-percent payroll tax into new individual accounts. Others would use a budget surplus to do the same thing. Instead of setting up private accounts, we could just as easily use that money to shore up the trust funds. That is the problem we are supposed to be fixing, isn't it? It's hard to explain how you are saving the trust funds when you're taking money out instead of putting money in.

The important thing, Mr. President, is to stay focused. As our guiding principle, we should insist that any legislation purporting to save Social Security actually live up to its billing. It should reserve for the trust funds any new savings or revenues. We shouldn't let some speculative shortfall, 34 years from now, be used as an excuse to force through a very different—and, I would add, a very radical—agenda.

Why are we getting sidetracked with individual accounts and privatization schemes that don't actually solve the problem? The reason is simple—money. Wall Street money, and lots of it. Mutual fund companies, stock brokerages, life insurance companies and banks are all salivating at the prospect of 130 million potential new customers coming their way. Privatization of Social Security could bring them untold billions of dollars in extra fees and commissions. That is why they have invested millions of dollars in a massive public relations campaign promoting privatization, and they are doing a heck of a good job of it. That is one reason why they have contributed so heavily to congressional and Presidential campaigns. The heavy hitters, the big givers, they are heavily involved in this campaign.

Let me read from a story in the Washington Post on September 30, 1996. The headline says, ''Wall Street's Quiet Message: Privatize Social Security.''

It reads:

> Wall Street is putting its weight behind the movement in Washington to privatize Social Security . . .
>
> Lobbyists for Wall Street are trying to stay behind the scenes as they argue for privatization because they and their firms so obviously stand to profit by the changes they are promoting, according to financial industry executives. Representatives of mutual funds, brokerages, life insurance companies, and banks are involved in a lobbying effort to have the government let Wall Street manage a slice of Social Security's money . . .
>
> Representatives of investment firms have begun lobbying Capitol Hill and the White House to advance their agenda, according to financial service industry executives . . .
>
> Wall Street officials want to avoid or at least deflect accusations that they are seeking to transform Social Security to line their own purses.

And, I might add, their own purposes.

There has been some very good reporting in the Post, in the Wall Street