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

Journal, and elsewhere on exactly who is paying how much money to whom.

It is absolutely unbelievable the way in which these Wall Street interests have hijacked this debate. It is time for those of us who want to protect this system to stand up and begin to speak out and fight back against these very radical efforts to privatize a social insurance program that has been such a huge success, not just for senior citizens, but for our parents and our grandparents.

I think it would be a tragedy if we stood by and let the trust funds be squandered by Wall Street—and squandered on Wall Street. In Chile, where they privatized Social Security in 1981, an estimated 19 percent of worker contributions gets skimmed off the top by pension companies. That's 19 percent skimmed off the top by the middlemen.

Social Security in our country, by contrast, has administrative costs of less than 1 percent with no fees, no commissions. One percent administrative costs, no fees, no commissions, not going to the big Wall Street interests. And now we have these efforts to privatize the system and turn over a large part of the surplus to Wall Street? Unbelievable.

Champions of privatization like to brag about higher returns on the stock market as compared to Social Security. I think those claims are exaggerated. But even if they were true, you don't need individual accounts managed by Wall Street campaign contributors to capture the higher yields. You would get the same average returns if Social Security did the investing itself. And that way, seniors would still be guaranteed a monthly benefit indexed for inflation.

I'm not saying we should do that, necessarily. Stock markets go down as well as up. With all the financial turmoil in Asia and Russia right now, we might want to think twice about betting the future of the trust funds on go-go emerging markets. But whatever we do, we should insist that the trust fund money not be siphoned off to Wall Street middlemen.

I want to say that again to my colleagues. We might want to think twice about betting the future of the trust funds on go-go emerging markets. But whatever we do, we should insist that this trust fund money not be siphoned off to the Wall Street middlemen, which is actually what the privatization proposals do.

Our immediate focus should be on fixing the problem at hand—a projected shortfall in the trust funds 34 years in the future. We should not be diverting resources to half-baked schemes that would only make the problem worse.

We should not let Wall Street campaign contributors push through a ''reform plan'' that would only give them a slice of the trust funds. Privatization is a phony solution to a phony crisis.

Social Security has been phenomenally successful for over a half a century—60 years. It ensures millions of Americans against disability, death of a spouse, and destitution in their old age. Compared to private retirement plans, it is a very good deal. And it is the most successful antipoverty program America has ever devised.

It is simple. You reach the age of 62 or 65, you get older, you are no longer working, your earnings decline. There was a time when probably half of the poverty population in our country were the elderly. That was a national disgrace. That is no longer the case. This is a very successful program.

While all of us should be saving more, the fact is that there will always be millions and millions of Americans who depend solely on Social Security for their retirement security. In fact, as fewer and fewer Americans have employer-provided pensions and as businesses are rapidly shifting from defined benefit plans to defined contribution, we need Social Security now more than ever. This is no time to end ''Social Security as we know it.''

We now have proposals, privatization schemes, to ''end Social Security as we know it.'' That is what this is all about. I am amazed that we have not had more discussion about how to modify and support Social Security as opposed to the privatization schemes that dismantle Social Security.

I will give some of my colleagues credit. They have been able to take, 34 years in the future, a potential shortfall and reduce it to an agenda that dismantles the Social Security system as we know it.

We need to have a major discussion and debate over this. In the coming weeks and months, I plan to be talking at great length about how we can correct the projected shortfall 34 years from now without ending Social Security as we know it. Right now, friends of Social Security are generating a number of proposals that do not amount to radical surgery. Those ideas deserve to be heard. Advocates for the privatization plan favored by Wall Street should not have a monopoly over this debate. If we have a fully informed discussion and all options are really on the table, I am very confident that the American people will support a progressive solution that does not end Social Security as we know it.

I yield the floor.

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I ask unanimous consent that the bill remain in the status quo until 1 p.m. today.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRAMM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SAVING THE E-RATE

Mr. DASCHLE. Mr. President, I have been concerned over the last few days to hear growing attacks against the so-called e-rate—the program Congress created just 2 years ago to help schools, libraries and hospitals connect to the information superhighway.

I am concerned because of the timing of these attacks. Only last month, the Senate approved a bill increasing immigration quotas for highly skilled workers from other countries. Why? Because there are not enough American workers with the technological skills to meet the needs of our economy. If that is not an acknowledgment that we need to do a better job of teaching technological skills in this country, frankly, I don't know what is. I supported raising the quotas for skilled workers, but that was a one-shot emergency response to a crisis.

By the year 2000, 60 percent of all jobs in our country will require technological skills that only a fraction of Americans now have. In the longrun, the only way we can keep America's economy growing is by giving our own workers the skills to compete and win in a high-skills economy. That is why the sudden course of criticism of the e-rate is so alarming.

Today, only 27 percent of the classrooms in America are connected to the Internet. In poor communities, rural and urban, only 14 percent of classrooms are linked to the Internet. If we don't take the opportunity now to address this problem, we simply will not have enough skilled workers to retain America's position as the world's strongest economy. We will also consign our children to two very different futures, separate and unequal.

It seems like every week we hear more and more talk about the year 2000 problem. What about the ''year 2010 problem''?

That is when—if we do nothing—children who are in kindergarten now will be graduating from high school without the technological skills they need to get a decent job or get a good college education. We simply can't allow that to happen. We can't do that to our economy, and we can't do that to our kids.

Congress understood that two years ago. That's why we created, on a strong bipartisan basis, the e-rate program as part of the Telecommunications Act of 1996.

The e-rate program gives crucial discounts to schools and libraries to establish or upgrade Internet connections. The steepest discounts going to