should reject that kind of treaty because we were depleting our military capability.

Here in this case, we have already decided to get rid of our chemical weapons, and the only question is whether we are going to participate in a treaty that gets other countries to get rid of their chemical weapons. It is not the same decision as cold war treaties with the Soviet Union. It is vastly different. To view it through that prism, as I think some of our colleagues are doing—I am sure in good faith from their perspective—is a profound mistake.

Mr. President, the bottom line is that the United States has already made a unilateral decision to eliminate all of its chemical weapons capabilities, whether or not we are party to the CWC. Our refusal to ratify this treaty does not help us one iota on verification. We still have all those verification challenges, and our refusal to ratify provides no bargaining leverage that I can identify against anyone whether it is Libya or North Korea or Russia, which still has large stocks of chemical weapons.

They all know that we are out of that business. Defeating the ratification of the CWC in no way restores or preserves a U.S. chemical weapons capability. To again quote former Secretary of State James Baker:

> We knew at the time that there would be rogue countries that would not participate. *** We have made a decision in this country that we're not going to have chemical weapons. We're getting rid of them. And we don't need them. We've made a policy decision that we don't need them in order to protect our national security interests. *** Whether we are able to get all countries on board or not, I think we have a critical mass of countries and I think the treaty makes sense, recognizing up front all the problems of verifying a Chemical Weapons Convention.

Finally, Mr. President, I have heard some of my colleagues argue that this treaty will pose an enormous burden and cost on U.S. industry. This argument is simply not true. If the costs and consequences to the American chemical and related industries were severe, as these critics suggest, why have the major chemical manufacturing associations not only endorsed, but also lobbied strongly in favor of ratification of the Chemical Weapons Convention? Why have 63 other nations, including most of our major industrial competitors, already ratified the CWC? Has this small group of CWC opponents discovered something that has been overlooked for the last 3 years by everyone else?

Mr. President, the truth of the matter is that the cost of implementing this regime to the vast majority of U.S. business is either negligible or nonexistent. There are two categories of chemicals made and consumed by businesses in the United States that are covered by this treaty. No more than 35 firms in the United States, all of them large corporations, produce or consume the direct precursors of chemical weapons agents that are on the first category and are subject to the strictest CWC controls.

The second category covers only large-volume producers of products that are in direct chemical weapon precursors. So no small businesses will be affected by the moderate requirements imposed by the CWC by this category.

Contrary to the argument being made by the opponents of this treaty, downstream consumers of this category of chemicals are specifically exempted from reporting and inspection requirements. While it is true that some 2,000 firms, including some small and medium-sized businesses, will be required to fill out one form per year, both private industry and the Department of Commerce estimates indicate that it will take a very small and minimal amount of time to fill out. No proprietary information whatsoever is required, and the reporting requirements are essentially the same as those already required of these businesses by the Environmental Protection Agency or other regulatory bodies.

In addition to the fact that only a small number of firms will actually be affected by the Chemical Weapons Convention, the Department of Commerce has worked very closely with the business community to develop a method of fulfilling both treaty requirements and industry requirements for protecting confidential business information. Again I would argue that if this were not the case, the American chemical manufacturing industry would not have endorsed ratification of the Chemical Weapons Convention.

Mr. President, I also point out that if the Senate continues to refuse to ratify the CWC—I am hoping the minds will be changed next year after the election is over—we are choosing to inflict international sanctions on foreign trade and one of our largest export industries, the $60 billion chemical industry. The CWC regime requires member states to impose trade sanctions against the chemical industries in nonmember states. While the entire $60 billion probably would not be immediately threatened, some $20 to $30 million would be threatened to begin with. Industry experts believe that over time U.S. interests would lose more and more business to foreign competitors who face no equivalent CWC trade sanctions from participating countries.

Mr. President, the basic bottom line which each Senator must ask him- or herself is as follows: Is the United States more likely to reduce the dangers of the proliferation of chemical weapons by joining the 63 countries that have already ratified the CWC—and the many others that will join after the 65th ratification occurs, or is America's security better served by remaining on the outside, by joining rogue regimes like Libya and North Korea in ignoring this pathbreaking effort by 161 nations to bring these terrible weapons under some degree of control?

Mr. President, I find this an easy question to answer. This is not a close question. This is not one of those questions that you can balance both sides and come out almost flipping a coin. We have many of those. This is an easy question to answer because no, it is not perfect, but yes, it does take steps in the right direction. We do enlist support from all the nations that will be signing, even those that we will have to watch very closely in terms of whether they comply.

Therefore, I would have voted to ratify the CWC had it been brought to the floor during this session. If I were here next year, I would certainly vote to ratify. I urge all of my colleagues to pursue the ratification of the CWC when it is brought up in the 105th Congress. Ratification of the Chemical Weapons Convention is in our national security interests, Mr. President, and I hope the Senate will ratify this convention next year.

I ask unanimous consent for 5 additional minutes.

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

PAYROLL TAX CREDIT PORTION OF THE USA TAX ACT OF 1995

Mr. NUNN. Mr. President, I rise today to discuss, again, another subject, the unlimited savings allowance tax legislation, USA tax, that Senators DOMENICI, KERREY, BENNETT, DODD, and I have cosponsored. I note the Senator, one of the great cosponsors here, Senator BENNETT, is in the chair today.

In previous remarks to the Senate, I addressed the issue of broader tax reform, which I will not repeat today, and, in particular, the need to make a careful review on the various tax reform proposals on an apples-to-apples basis rather than what has been done so far, which is basically comparing apples to oranges.

Today, I would like to address what I believe would be a critical component and what should be a critical component of any broad tax reform effort. That is integration of the income tax and the Social Security payroll tax.

Mr. President, the USA tax plan contains the most comprehensive solution to this issue of any tax reform proposal on the table in the form of a payroll tax. I believe no matter what emerges in tax reform, which I hope will be next year, I believe this payroll tax credit should be a central feature of that proposal. Certainly, it is a central feature and one of the strongest points in the USA tax proposal.

Mr. President, for individuals under the USA system, all income, regardless of source, forms the individual tax base. Unlike today's Income Tax Code, which is concerned about distinguishing the source of income, the USA tax proposal is more concerned about the use of that income. If your income is saved, your tax on that income is deferred. When your income is consumed, then it is taxed. In other words, you deduct your savings. From this broader

income tax base, the USA tax proposal provides a limited number of deductions, including net new savings, a family living allowance, higher education expenses, home mortgage interest, charitable contributions, and alimony.

After these deductions are made from gross income, a taxpayer would determine the amount of tax by applying progressive graduated rates to his or her taxable income. Once this calculation is made, which determines the total Federal income tax liability, the taxpayer would then subtract dollar for dollar from the income tax the amount withheld from your salary for the employee share of the Social Security payroll, or FICA tax. In other words, the amount paid in by the employee to the FICA tax, Social Security tax, is credited against income tax. It is credited dollar for dollar.

This payroll tax credit is an essential part of the USA tax system. It would reduce the regressive nature of the present payroll tax. It would reduce the disincentive to hire lower wage workers. This tax credit would be refundable so that if you had more withheld in payroll taxes than you owed in income taxes, as is the case for many people, the difference would be refunded to the taxpayer.

I believe my colleague would find it interesting that roughly 80 percent of Americans today pay more in non-income taxes than they do in income taxes. Payroll taxes make up the vast majority of non-income taxes.

We spend all of our time debating income tax. What that means is we hear from people in higher income groups, but the average American in today's society, 80 percent of Americans, pay more in non-income taxes than they do in income taxes. I hope that part of the debate will begin because it is long overdue.

Therefore, people with earned income, under our proposal, can, in effect, subtract 7.65 percent—the amount of pay withheld for the employee share of the Social Security-Medicare payroll taxes—from the USA tax base before the rates are applied. Thus, a 20 percent tax rate under the USA system is, in effect, equal to a marginal rate of 12.35 percent under today's system after you take into account the payroll tax credit.

Our proposal is often criticized because it has a 40 percent tax bracket. The first thing people ignore is that that is on assumed income. You have a right to deduct your savings before that rate is applied to a tax base. The second thing people overlook is you have to subtract the 7.65 percent from the 40 percent to get our effective tax rate because there is a credit back for the Social Security taxes paid. That is enormously important. If you are in a lower bracket, you would still subtract that.

The payroll tax is a perfect example of why fundamental tax reform is needed. As my colleague from New York, the ranking member of the Finance Committee, Senator MOYNIHAN, has so frequently and eloquently pointed out, the payroll tax is a very regressive tax. It discourages the hiring of additional workers, especially low-wage workers.

Nobody designed the system that way, of course. The payroll tax started out at a low rate, but that rate has grown considerably over the years. In 1950, the payroll tax was 1.5 percent of wage income. By 1960, it had grown to 3 percent of wage income. In 1970, it had risen to 4.8 percent of wage income. By 1980, it was 6.13 percent. By 1990, it had risen to 7.65 percent, where it remains today.

I repeat, Mr. President, 80 percent of the American people pay in non-income tax more than income tax. Of course, if you included the employer share, all of the percentages would be doubled. To state it another way, from 1960 to 1990, the Social Security tax has gone from 2 percent of our national income, or GNP, to 5 percent of our GNP. By comparison, receipts from individual income taxes have grown only slightly, from 8.1 percent to 8.5 percent over this same 30-year period.

Part of the reason for the increase in the payroll tax is due to fewer workers supporting a growing number of retirees. Another reason is that during the late 1960s and early 1970s the payroll tax working people paid grew considerably to finance large cost of living increases for retirees that were enacted in years of high inflation. Then in the late 1970s and early 1980s, payroll taxes increased again, ostensibly to build up a surplus for the retirement of the baby boomers. Unfortunately, as Senator MOYNIHAN has also pointed out, that is not what the surpluses are actually being used for. These surpluses are being used to finance Government spending and to mask the true size of the annual Federal deficit.

So we now find ourselves with a combined employer-employee payroll tax rate of 15.3 percent—a very high rate that adds significantly to the cost of labor. We set up a system for one purpose—to provide income security in retirement—that is actually hurting working people in ways that I am sure were never intended.

Our proposal does not abolish the payroll tax. It does not affect the operation of the Social Security System in any way. What it does attempt to do is to offset the negative, unintended, effects of the payroll tax by crediting the payroll tax against an individual or business's tax liability under the USA tax. Employees get a credit for their FICA tax against their individual income tax. Employers get a credit for their share against the business tax. So the same amount of revenue will continue to be deposited in the Social Security trust fund. But the payroll tax will now be integrated into the income tax in a way that offsets its regressive nature.

I know many tax reform proponents are now agreeing with the underlying wisdom of our payroll tax credit. The Kemp Tax Commission, led by the small business elements, recognized this fact and called for a payroll tax deduction in its recommendations. This deduction is a step in the right direction, a tax credit is a far better solution. I am hopeful that as others begin looking at components of sustainable tax reform they will reach a similar conclusion about the necessity of payroll tax credits.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

TRIBUTE TO SENATOR WILLIAM S. COHEN

Mr. BYRD. Mr. President, the State of Maine shares with my own beloved State of West Virginia a common character, a self-reliance born of long struggle with stony fields, harsh weather, and rich natural treasures that defy easy capture. As West Virginia coal miners daily confront the dangers below ground, battling to bring out the black compressed energy created eons and eons ago, the fishermen of Maine venture forth over the tempestuous seas to wrestle a living from the cold waters of the Atlantic. Farmers in both States work sloping fields of thin soils studded with loose rock to bring home their harvests. And emerging industries in both States must overcome the isolation of locations somewhat outside the main avenues of commerce. From these challenges comes a certain independence of judgment, and a mindset that addresses the merits of each decision before taking action.

The senior Senator from Maine exemplifies this independence of judgment. On January 3, 1979, WILLIAM S. COHEN became the 1,725th Member sworn in as a United States Senator. He joined the Senate after serving in the House of Representatives for three terms. Prior to his service in Congress, he had been a lawyer and member of the city council in Bangor, ME.

During his 18 years as a Senator from Maine, Senator COHEN's thoughtful, reasoned, and soft-spoken approach to policymaking has earned the respect and admiration of his colleagues. As a member, chairman, or subcommittee chairman on the Special Committee on Aging, the Armed Services Committee, the Governmental Affairs Committee, and the Select Committee on Intelligence, Senator COHEN has influenced a broad range of issues affecting our Nation. Always, he has attempted to keep the legislative process moving by being open to compromise and negotiation. He has been a key player in attempts to forge a bipartisan consensus on a number of difficult issues, from health care to missile defense programs. And he has always exercised his own judgment, relying on his own study and reflection rather than on party rhetoric, before taking action. He has been willing to cross party lines on contentious issues despite great pressure.