EXECUTIVE SESSION

NOMINATION OF CHARLES ROSSOTTI, OF THE DISTRICT OF COLUMBIA, TO BE COMMISSIONER OF INTERNAL REVENUE

The PRESIDING OFFICER. Under the previous order, the hour of 2:45 p.m. having arrived, the Senate will now go into executive session and proceed to the nomination of Charles Rossotti, which the clerk will report.

The bill clerk read the nomination of Charles Rossotti, of the District of Columbia, to be Commissioner of Internal Revenue.

The PRESIDING OFFICER. The time for debate on the nomination shall be limited to 3 hours, with 60 minutes under the control of the Democratic leader or his designee, 90 minutes under the control of the Senator from New York [Mr. MOYNIHAN], and 30 minutes under the control of the Senator from Delaware [Mr. ROTH].

The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, as we consider the nomination of Charles O. Rossotti to become the new Commissioner of the IRS, it's appropriate that we pause to take a good look at that agency as a whole. Let me say from the beginning, that Mr. Rossotti—who came before the Finance Committee just a little over 1 week ago—is uniquely suited to this confirmation. I am impressed by him and his background. Mr. Rossotti is a successful businessman—in touch with the needs, concerns, and risk-taking mindset of entrepreneurs. He has made his mark as a management consultant and expert on computer systems—a vital background at a time when one of the agency's major setbacks is its dysfunctional information system. I intend to vote for Mr. Rossotti's confirmation, and I encourage my colleagues to do the same.

Having said this, I also want to say something about the Internal Revenue Service and its current condition. September 23 to 25, the Finance Committee held what will be the first in a series of hearings to probe an agency that is cloaked in more secrecy than the FBI and the CIA. What we learned in our initial hearings was so disturbing that the IRS—its stories of abuses, mismanagement, lack of accountability and perverse incentives—continues to captivate the attention of taxpayers everywhere.

As last month ended, the House Ways and Means Committee, with the support of the White House, moved legislation to restructure the IRS. Chairman ARCHER is to be commended for his work. I compliment him on the job he has done in reversing the White House's position on the issue.

The growing effort to restructure and reform the IRS reflects the growing concern about the agency. Congressional switchboards have been inundated with calls from Americans who have their own tales of IRS-induced woe. Likewise, we have received thousands of letters, faxes, e-mails and notes—some of them hand delivered—each detailing another story of power run amok. A recent NBC News/Wall Street Journal poll shows that 21 percent of Americans report to have had some dealings with the IRS, in addition to simply filing their taxes. Of these Americans, a full 42 percent felt they were treated unfairly. Forty-two percent. And as if these statistics aren't compelling enough, the poll found that 70 percent of Americans believe that the incidents of abuse and mistreatment by the IRS that we uncovered in our hearings occur on a regular basis.

Mr. President, our hearings, these statistics—and the growing consensus we're witnessing in Washington—make it clear that something must be done to rechart the course of this powerful agency. On the Tuesday following our hearings, the Secretary of the Treasury and the Acting Commissioner of the Internal Revenue Service held a joint press conference to introduce what has been called a list of mini-initiatives. These included: keeping offices and telephone lines open one Saturday a month to address taxpayer grievances; giving taxpayers ''customer feedback surveys''; and, rewriting taxpayer notices in plain language.

Beyond these reforms, the agency, itself, has suspended four IRS managers, demonstrating an increased awareness of the abuses disclosed in our three-day hearings.

Each of these measures is a welcomed change. As Acting Commissioner Michael Dolan told the committee—that the IRS has made mistakes, handled taxpayer cases very badly, and caused Americans to suffer in ways they should not have. Acting Commissioner Dolan testified that the Internal Revenue Service has disrupted . . . lives without excuse.

My concern, Mr. President, is that these initiatives—though welcomed—may still be insufficient to meet all the problems that affect the IRS. To understand how the Government can collect the necessary and proper amount of taxes in a way that does not harass, abuse or overly burden the American taxpayer will take a thorough examination—one that engages not only Congress, but the agency and the administration.

Such a thorough examination will require 6103 authority—the authority granted to only two Members of Congress. Only by appropriately using that authority can we have a complete understanding of what must be done to properly restructure and reform the IRS.

The hearings we held a few weeks ago were intended as a solid beginning in a process that must be comprehensive. It is likely that we will get only one shot at restructuring the Internal Revenue Service. We must make certain that reform legislation addresses all the problems that we are in the process of discovering.

The problems—administratively and culturally—within the agency are the culmination of a history where power has been left unchecked, where objectives have been misapplied and priorities misplaced. They exist despite past reform efforts. And unless they are appropriately addressed this time around, they will continue to plague the agency.

Despite past efforts at reform, Lord Acton's phrase about absolute power is still given frightening clarity in an agency that—as we have shown—resorts to unethical or illegal tactics in dealing with taxpayers. Our hearings showed how IRS employees use pseudonyms, despite the fact that they are prohibited according to the agency's manual. We showed how blue sky assessments are made against Americans—assessments that have no basis in fact or tax law. We showed how they are used to hurt the taxpayer, or simply to raise the individual statistics of an IRS employee. We showed how statistics and quotas are used to rate employees, despite the fact that such usage is strictly prohibited, and how levies and seizures are used to measure employee performance.

We listened to heartbreaking testimony by courageous witnesses—private citizens whose lives have been torn apart by the IRS, as well as current employees of the agency who speak of horrific tactics and practices within the agency. One witness has disclosed how IRS abuse led to suicides, the break up of families, the destruction of businesses, and loss of financial credit and personal reputation.

Employees testified concerning a culture of secrecy, vindictiveness, abuse, and retribution that exists within the agency, itself—often targeted against employees, themselves. And let me say here, Mr. President, the vast number of IRS employees are good, hard-working, honest men and women. Without the help of the employees themselves, our hearings would have been impossible. We discovered that IRS employees want change. They understand that change is necessary. They are performing an extremely difficult duty—an important duty—under extremely difficult circumstances.

We heard of false allegations of wrongdoing against targeted employees. We learned about one senior agent who discovered an electronic listening device in the IRS employee break room, the area where agency employees are supposed to be able to relax and hold informal conversations. The room, Mr. President, had been bugged. Buttons were found under the desks of several IRS managers who were listening to their employees—violating their privacy. And as if this discovery wasn't bad enough, the senior agent who had discovered and reported the bugging devices was the one who was investigated. Our hearings, Mr. President, struck a chord with the American people. They struck a chord because Americans fear the IRS. It touches the life

of every family—of every business. And our hearings struck a chord because Americans believe Congress is serious about reforming the agency—reform that must be thorough enough to address the problems that we are continuing to uncover.

As I said when I opened the hearings, Congress has given the IRS awesome power in an effort to help the agency carry out its tremendous responsibility. In that Congress has given such power, it is also Congress' responsibility to ensure that it is being used prudently, constructively, and with regard for the taxpayer and employees of the agency. Working together, we must help the IRS get back to its mission statement—to collect the proper amount of tax revenue at the least cost; serve the public by continually improving the quality of our products and services; and perform in a manner warranting the highest degree of public confidence in [the IRS's] integrity, efficiency, and fairness.''

Toward achieving this, we must answer three fundamental questions that I posed during the Committee hearings:

First, does the IRS have too much power?

Second, if Congress were to limit that power, what expectations do we have that the new limits will be more effective than the old limits?

And, third, how do we go about changing the culture of the IRS?

With the painful disclosures still lingering weeks after the hearings, I believe it is safe to say that we have an answer to the first question. The IRS does have too much power. The very manner by which seizures, liens, and levies can be imposed—often without due process, and the manner in which the agency has now been shown to abuse those methods of tax collection—suggests that the IRS's power is beyond what would be considered necessary and prudent.

Now, Mr. President, we must focus on the latter two questions: How can Congress effectively limit the agency's power while allowing it sufficient authority to carry out its important responsibility? And what can we do to change the culture of the IRS?

As we turn our attention to these issues and consider possible legislative remedies, I want us to keep the following four criteria in mind:

First, we must restructure the Internal Revenue Service. The IRS—like many Federal departments and agencies—was created in the industrial age. While its mission is necessary to collect the revenue Government needs to run legitimate programs and services, its organization, administration, and infrastructure must be engineered to meet the needs, demands and expectations of the information age. The IRS must be dedicated to service. It must be responsive to taxpayer needs and above political influence.

Second, in restructuring the IRS, we must build into its system a mechanism that promotes accountability and continuous improvement. Our hearings raised serious problems about the lack of accountability of IRS employees. We found there to be little accountability for their actions—against taxpayers and internally, against employees of the agency. There is a need for a zero tolerance policy for improper and abusive behavior. There must be zero tolerance for failure to follow procedures and regulations. Accountability must also contain appropriate restraints on powers—especially the use of liens, levies and seizures—to assure that taxpayers are treated fairly. It must include a top to bottom review of employee evaluations, and make certain that such evaluations are not based on goals, quotas or statistics. There must be no promotion in spite of abusive behavior. And accountability certainly includes the ability to identify IRS employees. The IRS must include signatures on correspondence and do away with false identifications.

Third, comprehensive reform must address the issue of due process for taxpayers. Our investigation and hearings disclose cases where innocent taxpayers had liens placed against their homes, where they had their automobiles seized and bank accounts frozen without notification or the right to appeal. Restructuring and reforming the agency must include strengthening and implementing fundamental procedures for due process, and those procedures must be followed to protect and serve the taxpayer.

Fourth, and finally, reform and restructuring the IRS must result in more timely results for taxpayer problems. Our hearings showed that the IRS does not fix problems within a reasonable time frame. Change in this area must go beyond the systemic to embrace the culture within the IRS, as well.

Just as in the private sector, an employee's promotion should be based on his or her ability to serve the client—to resolve problems, not create them—to assure that a fair and appropriate tax has been paid, and not to harass or intimidate the client into paying more than is due.

These Mr. President are changes that can be made. Service must be the hallmark of the IRS. It is certainly the hallmark of America's finest corporations. Each day they become more effective and efficient, more service oriented and customer friendly. If they do not, they are quickly overtaken by other concerns, or they go out of business altogether. A mechanism that establishes self-sustaining improvement within the IRS is critical to the future of that agency.

As I said during the hearings, just as the IRS is quick to say that no honest taxpayer should ever fear an agency audit, the IRS itself should never fear congressional oversight. Congress must continue its oversight. One discovery from our first series of hearings is that it was the first time the full Senate Finance Committee—which has IRS oversight authority—has ever held such hearings. Congress must be vigilant. Our current efforts must lay a foundation for systematic oversight.

These four recommendations that have come immediately out of our hearings lay a strong foundation for the reform process. We have a consensus that something must be done. What we do must build on this momentum to assure that our effort at reform and restructuring is based on a complete understanding of the problems and necessary remedies.

Toward this end, the Finance Committee will continue to investigate and hold hearings. When Congress returns next year, the Finance Committee will hold additional hearings and work to act on reform and restructuring that addresses all the problems and concerns disclosed thus far. We will work with the House, the President, and Commissioner Rossotti—once he's been confirmed—to ensure that not only is there a complete understanding of the challenges and problems currently plaguing the IRS. We must ensure that such efforts at restructuring and reforming are complete, workable, and effective in making this powerful agency more efficient, more service oriented, and less frightening to honest Americans.

Mr. Rossotti has a background and the experience that will be invaluable in helping us bring about the kind of changes we believe are needed in the agency.

Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Ms. COLLINS). The Senator from New York is recognized.

Mr. MOYNIHAN. Madam President, our revered chairman, in calling up this important nomination of Mr. Charles O. Rossotti, spoke at length of the problems we have encountered with the Internal Revenue Service and spoke of the need for public confidence in that agency and the manner in which our tax revenues are collected.

He spoke of the determination of the Committee on Finance to see that this issue is addressed fully, comprehensively, and carefully. I would like to stand here and say that as this goes forward, there can be complete public confidence in the chairman of the Committee on Finance, Senator ROTH, that it will be done in a nonpartisan way. I don't think I should use the word ''bipartisan,'' because I don't think there is a Republican method of collecting taxes fairly and efficiently or a Democratic method. It is something that we must do properly as a Nation.

We do well to remind ourselves that we began as a Nation in protest against taxation we thought was improper and illegal and that this issue has never been far from our concerns, although not until recently has the Committee on Finance exercised its oversight jurisdiction. It is our duty to see what is going on in this large public agency,

which was founded in 1862 on the occasion when the Federal Government imposed for the first time an income tax. And which, as the distinguished chairman said, has the organization and pattern of the industrial age, as yet but little responsive to the modes of management which have emerged in a postindustrial age with great efficacy and public response.

I am here to state that there is complete support on this side of the aisle for the chairman's program. The particulars will emerge as we work at the facts, as we uncover them. We have our first hearing on the IRS restructuring legislation this Wednesday. Again, I will say this is not a bipartisan matter, it is a nonpartisan matter of central importance to the Federal Government. As the chairman indicated in his closing passage, the nomination of Charles Rossotti to be Commissioner of the Internal Revenue Service is an important measure of cooperation from the executive branch. The chairman noted that President Clinton has supported this. In particular, Secretary of the Treasury Rubin, much impressed by the work of the commission headed by a member of our committee, Senator KERREY of Nebraska, and legislation introduced by him and another Member, Senator GRASSLEY of Iowa, again in an across-the-aisle mode. It was Secretary Rubin who thought that the time had come to bring modern management modes into the IRS and, indeed, Madam President, Mr. Rossotti will be the first Commissioner not to be a tax lawyer in a half century, since World War II. This is not, as Everett Dirksen would have said, to slight the tax lawyers. They typically defend the public, the individuals against the Government, and their task grows steadily more rewarding as the tax code become steadily more incomprehensible. Still, we have brought the right man to do the job at this moment.

I would like just to offer a brief comment, if I can have the indulgence of the Chair, about an article which appeared in the New York Times, whilst we were contemplating this second phase of the effort which the chairman began with those 3 days of dramatic and powerful testimony. And that is an article by Paul C. Light, a professor of public affairs and political science at the University of Minnesota's Hubert Humphrey Institute, in which Professor Light pointed out that whatever we do to restructure and simplify the Tax Code, we still have a problem of organization within the IRS itself. We still have to do something to reduce the multiple layers of bureaucracy which, and I quote Dr. Light, ''leaves no one accountable for how agents treat taxpayers.''

I think you would find this is a normal development of an agency in place over a very long time in which you have career public servants in a system which has gradations of compensation, and presumedly responsibility that go from General Service 3 to General Service 17, and then there are supergrades beyond that.

You create this in a 19th-century mode. It is called civil service reform. And on this floor a century ago, 110 years ago, it was debated with great vigor. It meant to take the individuals in the public employ out of any area of political influence, political choice, patronage of jobs.

But it easily results in what Professor Light calls layering—the GS–5 on top of the GS–4, the GS–6 on top of the GS–5. And he gives this illustration, a very concise one. He said:

> Just imagine a bureaucracy that goes something like this: an agent—

The agent is the person who deals with the individual citizen—

> an agent reports to a district group manager, who reports to a branch chief, who reports to an assistant chief of the division, who reports to the assistant district director, who reports to the assistant regional commissioner, who reports to the regional commissioner, who reports to the chief of staff to a deputy assistant commissioner, who reports to the deputy assistant commissioner, who reports to the assistant commissioner, who reports to the chief operating officer, who reports to the deputy commissioner, and so on.

You haven't even reached the top of the layer.

That is the kind of progression you will get over a century in an organization in which the internal incentives are to be promoted, as they should be. It is how Colin Powell went from being a member of the Pershing Rifles at City College in New York, where I began my education, to Chairman of the Joint Chiefs of Staff of the U.S. Armed Forces. And they encourage them. But there can be too much. It can separate accountability to the point where it cannot be found in the system.

It has been remarked that the Catholic Church, which has been around for centuries, has managed all these years with just three layers of authority. You have Pope, bishop, and priest. There are some honorific; every so often a priest will be called a monsignor, but it is Pope, bishop, priest. And it is something to be thought about, as this whole subject is considered in the Congress.

We spend too little time on organizational matters, too little time on how much we have spread out agencies. I have been witness, in my time in Government, to a number of sequences by which the Bureau of Public Roads in the Department of Commerce, a small effective agency known in the 1920's and 1930's for its very vigorous civil service that was mostly working on farmer market roads, and then comes some other legislation, the interstate highway program, and the next thing you know you have the Department of Transportation.

I have seen small activities in the field of education. We had a commissioner of education, oh, going back a long way, and various able persons ran it. It was in the Department of Health, Education and Welfare. And don't you know, gradually it spun off and became the Department of Education. And there have been efforts in the other body to put an end to it. But by and large, these efforts are never successful. They take longer than you think. They are not very rewarding. You cannot put them in a newsletter.

As a matter of fact, we don't have newsletters anymore. I do not want to speak with anything less than the fullest admiration of our colleagues in the House of Representatives, but when I came to this body each Senator had a certain amount of funds—we had the franking privilege, which went back to 1790, and enabled us to write persons, to send out mailings to our constituents.

For my part, I represent some 18 million people. You cannot meet them, but you can write them. Or rather you could write them. The one thing from that great revolution we had across the way a few years ago is we abolished the one direct contact between Members of the Congress and the citizenry, which was the newsletter. The first one went out from Philadelphia in 1790, a gentleman from North Carolina, as I recall, telling his folks that there was not much going on just then, but he had hopes that there might be a tariff change which would improve the sales of our local product. By ''our local product'' he meant whiskey, corn whiskey, as against rum from the Caribbean. Indeed, it was an important source of revenue. And it kept the settlers across the Appalachians connected to the Atlantic coast as against the Ohio-Mississippi system which took them through French territory at the time.

We have lost that direct contact. This agency ought not to lose its. I was impressed, if I may say, by Mr. Rossotti's response on this point. We were speaking of these matters during his hearing, and I raised this issue of layering. And afterward he wrote me a letter in which he said—and I will take the liberty of quoting as I do not see any other Senator seeking recognition just now—he said:

> Your comment about the ''layering'' that accumulates in many large organizations that are organized on traditional lines is getting at a very important point. Excessive layering often lies at the heart of many problems, especially the difficulty upper management faces in understanding accurately what actually goes on in the front lines. It can also slow down action to fix problems. Of course, I do not yet know enough about the specific facts at the IRS to know how this problem affects the IRS and what might be done about it. As I begin my assessment of the situation at the IRS, however, I will most certainly be thinking hard about this issue.

If I may say, this is a promising response. We have had lots of nominations before our committee in the 21 years that you and I have served there together, sir. And without in any way disparaging any of my predecessors, this is the first evidence I have ever had of any of the nominees listening to

anything that we said. Perhaps at most they keep an ear open, thinking that as soon as we stop talking, it is over, and ''I can get out of here and on with my job.''

But to get a letter like that back—well, Mr. Rossotti is a management specialist. He deals with modern systems. He has built an international firm for which people engage him to help them with the kinds of problems we have here. It is a good beginning.

Now, sir, one last point. The employees of the Internal Revenue Service are well-paid public servants, but none of them makes a third of the salary of an average tax attorney. And the average tax attorney has to master this—what is it?—9,479 pages of the Internal Revenue Service. Look at it—9,479 pages. That speaks dereliction of our duty. We can't go on producing these.

I take the liberty of displaying to the Senate and to our distinguished Presiding Officer the bill we adopted on July 31—820 pages added to the 9,479; 820 pages entitled Taxpayer Relief Act. What taxpayer relief will there be from having the IRS have to understand what is in here, as well as individual taxpayers? We better watch this. It is the way organizations can develop. It is a form of entropy. Energy goes down the system, complexity goes up and abuse takes place.

We can attend to organizational matters as much as we want. We can certainly attend to abuse. But until we simplify the Tax Code as a multiyear effort, as one that is real, we will fail to address the heart of the problem. Remember the simplifiers that took over on the other side of the Capitol who said we will get rid of all these complexities? What did they do? They added 820 pages. That speaks to a systemic problem, and we are old enough and capable enough as a society to address them. I, for my part, am hugely pleased that we will.

I want to thank again our chairman, without whom this would not be taking place, and thank Senator KERREY of Nebraska and thank Secretary Rubin. This is a good beginning and a good note on which to start. I urge the confirmation of Mr. Rossotti, an extraordinarily able man.

I do not know that political party has ever entered into the calculation of who ought to be the Commissioner of the Internal Revenue, but I do expect that by and large it has been a person who is of the same party as the President who nominates him. It is an interesting fact that this is not the case in this instance. I am sure we will have his cooperation, and I am sure you will know how to use it to the greatest public advantage.

I ask unanimous consent to have the previously referred to material printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OCTOBER 27, 1997.

Hon. DANIEL P. MOYNIHAN,
U.S. Senate, Washington, DC.

DEAR SENATOR MOYNIHAN: I want to thank you very much for your quick consideration of my nomination and for your supportive and generous comments at my hearing.

Your comment about the ''layering'' that accumulates in many large organizations that are organized on traditional lines is getting at a very important point. Excessive layering often lies at the heart of many problems, especially the difficulty upper management faces in understanding accurately what actually goes on in the front lines. It can also slow down action to fix problems. Of course, I do not yet know enough about the specific facts at the IRS to know how this problem affects the IRS and what might be done about it. As I begin my assessment of the situation at the IRS, however, I will most certainly be thinking hard about this issue.

Once again, thank you for your help, and if I am confirmed I look forward to working with you in the months ahead.

SINCERELY,
CHARLES ROSSOTTI.

[From the New York Times, Oct. 18, 1997]

THE TAX AGENCY'S LAYERED LOOK

(By Paul C. Light)

PHILADELPHIA.—Before Congress and President Clinton create an oversight board to monitor the Internal Revenue Service and end taxpayer abuse at the agency, they should take another look at what made that abuse possible.

There are simply too many layers of bureaucracy at the I.R.S. which leaves no one accountable for how agents treat taxpayers.

Creating an oversight board won't make a difference unless it can see abuse happening at the bottom. The solution, then, is not to add layers of supervision, but to get rid of them.

The I.R.S. has been lengthening the chain of command for decades. In 1960, for example, the senior leadership consisted of just 13 people. By 1996, despite efforts to streamline the agency it had grown to more than 60.

There can be something like a dozen layers of supervisors between the President, who is the chief executive of the agency, and agents in regional offices.

Just imagine a bureaucracy that goes something like this: an agency reports to a district group manager, who reports to a branch chief, who reports to an assistant chief of the division, who reports to the assistant district director, who reports to the assistant regional commissioner, who reports to the regional commissioner, who reports to the chief of staff to a deputy assistant commissioner who reports to the deputy assistant commissioner, who reports to the assistant commissioner, who reports to the chief operating officer, who reports to the deputy commissioner, and so on.

No wonder rogue agents thought they could get away with harassment. Had the I.R.S. added field agents instead of new layers of supervisors perhaps district managers wouldn't have needed to institute the collection quotas that fueled taxpayer abuse.

Some legislators believe that simplifying the tax code is a solution to the agency's problem, but that won't make the I.R.S. any less likely to abuse taxpayers. The best way to reduce taxpayer harassment is not a flat tax, but a flat I.R.S.

Mr. MOYNIHAN. I yield the floor.

The PRESIDING OFFICER. The Senator has 11 minutes remaining.

Mr. ROTH. I yield myself such time as I may consume.

I assure my distinguished colleague I will be very brief.

I want to point out that the hearings we held earlier this year were the result of the close cooperation between the minority side and majority side. I appreciate very much the full cooperation and assistance that the distinguished Senator from New York provided us.

We look forward to bringing about reform that has nonpartisan support. I think the Senator is perfectly correct. It is not a Republican, it is not a Democratic, it is a nonpartisan solution that we seek.

I have to say that I do think we are very fortunate in having a distinguished individual like Mr. Rossotti to be available. I think you made a very strong case as to why he should be confirmed because he has the very qualities and the very experience that I think are essential at this particular juncture.

You talked about the layered lives within the IRS. Mr. Rossotti is, fortunately, an expert on management. He is an expert on high technology. As I understand, much of his experience is giving advice and consulting with large firms as to how to become more effective, more efficient. So I think you made the point very well.

I think next year, I say to my distinguished friend and colleague, it is critically important that we begin some steps to simplify the Code. That is something I want to consult with you at the staff level because it is complex. It is going to be a multiyear effort. But there is no time better suited to start this than next year. I look forward to working with you on this important matter.

Mr. MOYNIHAN. Madam President, may I thank my dear chairman for saying there is no time like now. What a better moment to start addressing the Tax Code than that point which, nominally at least, we have a balanced budget and we are not driven by the exigencies of revenue as such. We can address the question of complexity, efficiency, and clarity.

Simplicity—we are a republic. We are meant to be simple. Good people of Maine would like that, I think, and I think the people of Delaware would. In New York we are somewhat given to complexifying, but I think we might find a little simplicity refreshing.

I yield the floor.

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

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

Mr. GRAMS. Madam President, I ask unanimous consent that I be allowed to speak for about 5 minutes and that the time be deducted from the time of the majority leader.

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

IRS REFORM

Mr. GRAMS. Madam President, before we vote on IRS Commissioner nominee Charles O. Rossotti, I'd like to take this opportunity to make a few remarks about the direction IRS reform should take.

But first let me commend Mr. Rossotti for his courage to take on this job. I believe with his expertise and experience in private business management, Mr. Rossotti is qualified to head the agency, and I am confident that he will help improve IRS services and management.

Madam President, the American people have every right to be outraged by the disturbing details that emerged during 3 days of Senate hearings into the tax collection practices of the IRS.

Testimony from taxpayers and current and former IRS officials provided chilling accounts of mistreatment, abuse of power, and the merciless trampling of citizens' rights. What's even more shocking is that these improper and illegal practices within the IRS aren't random occurrences—they happen regularly.

For decades, IRS agents have routinely snooped through the supposedly confidential tax files of thousands and thousands of Americans. That could include me, or you. IRS agents are evaluated and promoted based on their total tax collections, a practice outlawed a decade ago.

IRS managers often cover up abusive behavior by collection agents. In stark contrast to our legal system, all alleged tax debtors are assumed guilty and treated as criminals.

The distressing tales told by the Senate witnesses were hardly isolated incidents; hundreds of working, law-abiding Minnesotans have contacted my office with similar grievances.

Though the individual details of their stories vary, the message is the same: the IRS devastated their lives. Many lost their homes, cars, businesses, and professional licenses—not to mention their reputation and self-respect.

Congress established the IRS with good intentions but the agency has evolved into what Nobel laureate Dr. Milton Friedman labels ''a self-generating monstrosity over which the people have little control.''

As a result, our tax system has become extremely complicated, difficult even for IRS experts to understand, and our tax burden has become so heavy and so unfair that it's unbearable for many working Americans.

The tax system under which the IRS operates today has become a redistributor of private incomes, a mechanism to enforce social re-engineering, and a launch pad for class-warfare.

It is anti-family. It destroys economic opportunity, hinders our job creation, impedes productivity and retards competitiveness. It has deepened the despair and disaffection among the poor and disadvantaged. It encourages abuse, waste, and corruption.

Congress deserves much—if not most—of the blame for the abuses of our current tax system because it is Congress that writes the Tax Code in the first place.

There are now nearly 10,000 pages of Tax Code, 20 volumes of tax regulations, and thousands and thousands of pages of instructions.

Besides making the tax system so complicated, Congress has seriously neglected its oversight responsibilities over the IRS. In fact, the Senate hearings were the first formal oversight of the agency ever conducted by Congress. That in itself is very shocking.

Congress for decades has been passing new tax laws and regulations without looking back to see how the system has been affected, or if it's working, or if it's unfair.

It's more obvious than ever that the present tax system will fail to lead us into the next century without fundamental reforms. But can Washington fix the IRS problems it created? Yes—if Washington can muster the political will to do it.

The first thing Congress must do is take its oversight responsibility of the agency more seriously. Let's end the secretive ways of the IRS and open the process to the sunlight.

Let's put the IRS under strict scrutiny, periodically reviewing its operations, exposing abuses, and ending illegal practices.

I welcome the fact that President Clinton changed his mind and presented a plan aimed at improving taxpayer-assistance services at the IRS, including a board with private citizens to oversee the agency.

Although this is a positive step, the proposed changes are mostly cosmetic and will do nothing to address the deep-rooted deficiencies within the IRS. Very simply, the heart of the problem with the IRS is the tax policy on which all IRS decisions are based.

To end the abuse once and for all, Congress must pass new legislation to reform our tax system and replace the ever-more-complicated Tax Code with one that's simpler, fairer, and more friendly to taxpayers.

The American people deserve a fair Tax Code that promotes harmony between people and doesn't separate us into classes, a code that encourages work and savings; a code that rewards families and success rather than penalizes them; a code that stimulates real economic growth and produces more jobs and, yes, higher tax revenues; a code that allows taxpayers to keep more of their own money.

Congress must explore every available solution in our quest to re-create our tax system and achieve these objectives.

Passing the House IRS bill may sound tempting, as it does make some needed changes, but I agree with Senator ROTH that we need to do the job right the first time around, not accept minor changes that may prevent or delay efforts to reform our overall tax system.

Madam President, the leadoff witness at the Senate IRS hearings summed up the debate with a message Congress cannot ignore: ''If the public ever knew the number of abuses covered up by the IRS, there could be a tax revolt.''

The public is beginning to understand the depth of the IRS problems. Tinkering with the IRS won't work and the time for real tax reforms is now.

Thank you very much. I yield the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Madam President, I yield myself such time as I might use off the leader's time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

IRS REFORM

Mr. GRAMM. Madam President, I wanted to come over today and talk about the IRS and about reforming the IRS. We are on the floor considering the nomination of Charles Rossotti to be head of the IRS. We had an excellent hearing on the nomination in the Committee on Finance. His background is somewhat different in that he is an information management person, a very successful businessperson. I believe that he will be an excellent head of the IRS. I intend to vote for him. However, like most people who have spoken during this time, I want to talk about reforming the IRS, not the naming of the new head of the agency.

First of all, Madam President, I want to reject the idea that what is wrong at the IRS is sort of a sociological environment that has developed there. We heard a little of that during our hearings. We heard a lot of it from the Treasury Department when an effort was undertaken to try to change the IRS.

The whole logic of this argument, which I reject, is that the problem at the IRS is that an atmosphere has developed, that there is this sociological environment that has come into existence over a long period of time, and what we really need is to have some counselors come in and have sensitivity training for IRS agents and that will make everything great.

We then have terms used, and I would have to say by Members of both parties, such as, ''Let's make the IRS a consumer-friendly agency.'' I am afraid that just reeks of nonsense to me. Let us not forget that we did not create the IRS with the best of intentions. Congress created the IRS to get money from people who, by and large, did not want to joyfully give. When it comes to the IRS, most Americans are not happy givers. They believe that Government spends too much money. I share that belief. They believe that the Government spends it inefficiently and unwisely. I share that belief. In fact, both