

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