the best the House conferees could do was to fence, to subject to authorization the $20 million that was included in the final conference that we are being asked to agree to today.

I must say I'm disappointed with this result and hope that the House can forestall and quick action to free up this $20 million solely for Alaska. This state has a significant oil reserve and billions in revenue that flows exclusively to the residents that have no income tax and little in other state-wide taxes that prevail in the other forty nine states. Alaska should look first to its own resources for the purposes anticipated by this commission provision and Congress should not short cut the normal process of open hearing and a good understanding of the topic. Nevertheless, we should and I'm hopeful that given the chance to review and limit this policy that the Congress would act responsibly. Therefore, I intend to vote for this measure with the hope that the intent of a true authorization, a complete evaluation, approved by the Congress is going to be implemented.

Mr. GREEN. Mr. Speaker, I rise in strong support of the Conference Report on H.R. 4060, the Energy and Water Development Appropriations Act for FY 1999. Included in this important conference report is an appropriation for the continued dredging project for the Houston Ship Channel. This has been a long time coming and we have all worked very hard to get to this point.

The expansion of the Houston Ship Channel is important on many levels. The Port of Houston, connected to the Gulf of Mexico by the 53-mile ship channel, is the busiest U.S. port in foreign tonnage, second in domestic tonnage and the world's eighth busiest U.S. port overall. With more than 6,435 vessels navigating the channel annually and an anticipated increase over the next few years, the widening of the channel from 400 to 520 feet and its deepening from 40 to 45 feet is a necessary step in safeguarding the economic viability of the port and the City of Houston.

The port provides $5.5 billion in annual business revenues and creates 196,000 direct and indirect jobs in our communities. By generating $300 million annually to the federal government from customs fees generated by port activities and $213 million annually in state and local taxes, this Ship Channel dredging project will more than pay for itself.

We have made a good first step. For Fiscal Year 1998, the Congress approved $20 million to begin construction. With the leadership and dedication of my colleagues, Chairman JOSEPH MCDADE and ranking Member VIC FAZIO, as well as Congressman CHET EDWARDS, we have secured $49 million for fiscal year 1999.

We still have a lot of work to ensure that the deepening and widening project remains on schedule. Working together, I know we will be successful.

Mr. STRICKLAND. Mr. Speaker, today I rise in support of H.R. 4017, the Energy Conservation Reauthorization Act of 1998. The bill supports the continued funding of worthy programs that stemmed from the Energy Policy and Conservation Act and the Energy Conservation and Production Act. During the mark-up of H.R. 4017 in the Commerce Committee, the bill was amended to include a provision that would make our Nation less dependent on foreign oil supplies by promoting the use of biodiesel fuel in the Federal Government.

I am proud to rise as a cosponsor of a provision that will provide credit for those who consume the biodiesel blend, B–20, an alternative fuel. Currently, Federal, local, and municipal agencies must add alternatively fueled vehicles to their fleets. B–20 is an easily-accessible alternative fuel that is a combination of many of the farm products produced in southern Ohio. The bill authorizes fleet managers using biodiesel in their motor vehicles to receive credit toward the requirements for alternatively fueled vehicles established under current law.

Of equal importance is the positive effect this bill will have on farming communities across the country including those in the Sixth Congressional District of Ohio. This bill supports farm incomes by increasing demand for soybeans, natural fats, and other farm products. This measure is critical, given the current economic woes of farmers in Ohio and the rest of this country. H.R. 4017 does not create any new mandates on covered fleets, and actually provides fleet operators greater flexibility in compliance with existing law. The Energy Conservation Reauthorization Act modified the purchase requirement program to reward the use of alternative fuel sources. In sum, the bill promotes U.S. energy security and regulatory flexibility while assisting America's farmers.

Mr. VISCLOSKY. Mr. Speaker, I yield back the balance of my time.

Mr. MCDADE. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHIMKUS). Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to clause 7 of rule XV, the yeas and nays are ordered.

Pursuant to clause 5 of rule I, further proceedings on this question will be postponed.

APPOINTMENT OF CONFEREES ON H.R. 3150, BANKRUPTCY REFORM ACT OF 1998

Mr. GEKAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3150) to amend Title 11 of the United States Code, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore (Mr. SHIMKUS). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. NADLER

Mr. NADLER. Mr. Speaker, I offer a motion to instruct.

The Clerk read as follows:

Mr. NADLER moves that the managers on the part of the House at the conference on the disagreeing votes of the two houses on the Senate amendment to the House bill (H.R. 3150) be instructed to agree to section 405 of the Senate amendment.

The SPEAKER pro tempore. The gentleman from New York (Mr. NADLER) will be recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. GEKAS) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. NADLER).

Mr. NADLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am offering this motion in response to a disturbing practice that unfortunately has become all too common. Credit card companies have told the Congress that they need this bill to provide protection from irresponsible borrowers who abuse the bankruptcy system to evade debts that they can repay.

I do not agree with the bill and I do not agree with that contention, but even if that were true, the practice that some credit card companies have now engaged in is unconscionable. Some credit card companies now discriminate against the most responsible borrowers by cutting off their credit card or charging other fees to borrowers who commit the terrible sin of paying their bills in full and on time each month.

This form of discrimination against the most responsible borrowers is intolerable and outrageous. On the one hand they are telling us that borrowers are irresponsible and we should do something about that. On the other hand, they want the right to discriminate against borrowers who act responsibly.

Mr. Speaker, in response to this phenomenon, the other body adopted an amendment offered by the junior Senator from Rhode Island, Mr. REED, which would prohibit this practice. It is an amendment to the Truth in Lending Act. It makes sense, it is fair, and it reinforces the theme that the sponsors of this bill have been stressing, the theme of shared responsibility in lending between borrower and creditor.

□ 1600

The House bill tightens the noose around the necks of bankrupt Americans, but does nothing to ensure that banks are also required to act responsibly. This amendment and the others adopted by the Senate will help bring some balance to an unbalanced bill.

Mr. Speaker, this is a real problem. Around the country, credit card customers who are most responsible with their borrowing practices have received letters from issuers which say, and I am now going to quote,

> Our records indicate this account has had no finance charges assessed in the last 12 months. Unfortunately, the expense incurred by our company to maintain and service your account has become prohibitive; and, as a result, in accordance with the terms of your card holder agreement, we are not reissuing your credit card.

The message is clear. Be responsible but not too responsible. It reveals the true agenda of the supporters of this bill, which is not to encourage responsible borrowing but to allow banks to squeeze borrowers even further.

The banks were able to kill an amendment to prohibit the outrageous double fees at ATMs, a little balance

and fairness. Credit card companies have claimed that they need to cancel accounts which do not incur finance charges because the cost of servicing these accounts is, quote, ''prohibitive.'' That is not true.

Each year, an average $3,000 is charged to a credit card. The 2 percent interchange fees on these cards, which equals $60, would seem to more than cover the average industry cost of $25 needed to service an account for a year.

Americans hold over $450 billion in consumer debt; and with the average interest rate on credit card balances at 17.7 percent in an era of low interest rates generally, the overall profitability of credit card lending is apparent. In fact, we know that the credit card departments are the major profit centers in the banks today.

This amendment also will not bar lenders from cutting off cards or charging fees for other legitimate reasons. It would only block those actions if they are used to discriminate against the most responsible and conscientious borrowers.

Mr. Speaker, I urge my colleagues to support the motion to instruct the conferees. Let us have a bill which stresses balance and a shared responsibility in the credit card market.

Let me say also, Mr. Speaker, I hope, let me take this opportunity to express the hope, that the published reports that we have seen in which Members of the majority party have indicated that the Members from this House will get together with the majority party members from the other House and make an agreement and a deal behind the scenes and by implication will shut out the minority and to make a conference a sham, I hope that those reports are inaccurate. I hope that will not happen.

I hope that what has happened in certain other conferences where a behind-the-scenes deal is made and the conference is a sham and the members of both bodies from the minority party are completely shut out and are presented with a completed bill, take it or leave it, I hope that is not going to be repeated in this instance. Because if we are going to have a responsible bill that the President will not veto, that would be a very bad idea if that were to occur.

Mr. Speaker, I reserve the balance of my time.

PERMISSION TO POSTPONE ELECTRONIC VOTE ON MOTION TO INSTRUCT CONFEREES

Mr. GEKAS. Mr. Speaker, I ask unanimous consent that any recorded vote, if demanded, which may be requested on a motion to instruct conferees on the bill, H.R. 3150, be postponed until after 5 p.m. today.

The SPEAKER pro tempore (Mr. SHIMKUS). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to the motion made by the gentleman from New York.

The Members should recognize, as in every other case, when a motion to instruct conferees takes place that it is kind of a suggestive motion, that it is not binding on the committee nor on the conference nor on the House itself.

But as a question of comity and of good faith, if a motion such as this should pass, I think the chairman of the conference should bring it up at the conference and note for the record that such a motion carried in the House.

If this should carry, I want the gentleman from New York to know that I as one will convey in the conference the notions that are expressed in the motion.

There are a couple things, though, that have to be made of record. At the start, the subject matter that the gentleman brings to the floor via this motion to instruct is probably not germane. If it were a complete House measure which we were discovering here, it is possible that we would not even be discussing it because the subject matter does not pertain to our portion of the bankruptcy realm. But, rather, this motion goes to something that is exclusively in the jurisdiction of the Committee on Banking and Financial Services. So we have that.

So just as I say to the gentleman from New York that I pledge to him, if this motion should carry, that I will in good faith mention that this motion was carried to the conference, I will just as strongly say that the House believes on its own that it is not germane, and that it should not be considered from a standpoint of other than what it is, a Senate proposal at the time of the conference.

Mr. NADLER. Mr. Speaker, will the gentleman yield?

Mr. GEKAS. I yield to the gentleman from New York.

Mr. NADLER. Mr. Speaker, I believe that it is germane simply because it is in the Senate bill, and that makes it conferenceable and germane.

Mr. GEKAS. Mr. Speaker, reclaiming my time, there is no question that the conference can deal with it. What I am saying to the gentleman from New York is, in companionship with the pledge I make to the gentleman that I will carry his wishes as it were through this motion to the conference, I will also point out at that time that the House is not enamored of and was not enamored of this provision during the regular House debate, not only because it was not worthwhile on its merits as we would say, but also because it would never reach the floor for discussion at all because it is not germane at all to the issue of bankruptcy reform as reflected in H.R. 3150. But having said that, I am willing to proceed as I outlined in my opening remarks.

Mr. Speaker, the gentleman from Texas (Mr. BENTSEN) had approached me at the outset, and I agreed that I would submit to interrogation, so I yield to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. Speaker, I appreciate the gentleman for yielding.

Mr. Speaker, it has come to my attention that the bill as written by the Senate that we are discussing today would further encroach upon the rights of the States to set their own laws and policies with respect to homestead.

As the gentleman knows, I had raised objections to the House bill which I realize that he worked quite diligently on trying to temper some of the concerns that Members from my State of Texas and I think Florida and others had. While I would like to go much further than what is in the House bill, in fact I would prefer a complete elimination of the homestead provisions, because I think they really are not to the point of what the bill is trying to address, I am eager to learn what the House position may be with respect to the Senate language.

I would just tell the gentleman, from this Member's perspective as one who did vote for the bill when it came out of the House, if it includes the language that is in the Senate bill, I will find it next to impossible if not impossible to support a conference report or to override a potential veto of the President as has been mentioned.

Quite frankly, it is still hard. Some of my support, and I think some of my colleagues from my State support, on the House bill was with the understanding that we might even do better than we did in the House.

Mr. GEKAS. Mr. Speaker, reclaiming my time, the gentleman from Texas (Mr. BENTSEN) should know, first of all, that we intend to defend strenuously the House position on homestead exemption. We believe it is the right course to adopt. We enter the conference unyielding on that point.

We believe that the States should retain the right under even the current law to set its own standards for homestead exemption.

We are buttressed on a couple of points by the fact, number one, that one of the gentleman's colleagues from Texas, the gentleman from Texas (Mr. SMITH), a member of the Committee on the Judiciary, is also strongly juxtaposed to this issue and has prevailed upon us to consider that position just as the gentleman has on the floor here today. He being a member of the Committee on the Judiciary adds weight to the argument that the gentleman has advanced.

Number three, we believe that the Senate, in the final analysis, will be able to move closer to our position. We have that by way of rumor or innuendo, shall we say, but we hope to press the point to the point that that innuendo will turn to support for our portion of this bill.

So with that, the gentleman should feel confident that at least moving into the conference the House position on homestead exemption will be the source of staunch defense.

Mr. BENTSEN. Mr. Speaker, will the gentleman yield?

Mr. GEKAS. I yield to the gentleman from Texas.

Mr. BENTSEN. Mr. Speaker, I appreciate the gentleman's comments. This motion to go to conference came up quickly.

The gentleman will be receiving a letter today, as will the gentleman from New York (Mr. NADLER), from myself and a number of my Texas colleagues on this issue in staking out our position. I appreciate the gentleman's comments and perhaps the members of the other body, if we had gone back to where we were prior to the beginning of this century when they were elected by their legislatures, would be more favorably inclined towards the will of their own legislatures rather than what they would seek to impose upon them.

So I appreciate the gentleman's comments and hope that the House stays the course.

Mr. GEKAS. Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would observe that the distinguished chairman of the subcommittee a moment ago, on the motion to instruct, talked about its germaneness to the House bill. Although he said it was conferenceable, he conceded that it was conferenceable, I am not clear but I think he said he objected to it but he did not discuss it on the merits. He did not say why it is a good idea or a bad idea.

I would like to hear whether he agrees with this or whether he thinks this is a good idea or a bad idea, whether he thinks that it is right that credit card companies are going to cut off the credit or discriminate against the 40 percent of credit card holders who pay their balances in full each month? In other words, does he oppose this or not?

I would like to know anybody's views on the merits of this.

Mr. Speaker, I reserve the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think the proper thing for the gentleman from New York (Mr. NADLER) and me to do is to ask for a special order and debate his proposition for an hour in the well sometime when we are prepared for it.

At this juncture, where we are now, the gentleman should recognize that the merits of this proposition have not been debated in full, either in our committee, nor analyzed by our staff, nor in any way the subject of conversation or informal conference, as it were, between the gentleman from New York (Mr. NADLER) and me, but we ought to do it some time in the context of a full debate on the floor by way of a joint special order, if the gentleman wishes.

Suffice it to say that I will live up to my pledge, unless he keeps on insisting on debating it now, in which case I may have to retract my willingness to openly state the gentleman's wishes on this matter.

Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this provision is in the Senate bill. It was fully debated on the Senate floor. It has been a matter of discussion. It has been debated in the Committee on Banking and Financial Services of this House and, frankly, if we were going to have a special order that would be after the instructions to the conferees were voted or not voted.

Frankly, I am a little surprised that no one has anything to say about the merits of this idea. Perhaps they think it is self-evident. I certainly do.

The 40 percent of credit card holders who pay their bills on time should not have their credit withdrawn for that or be discriminated against in other ways. I hope, therefore, the House will vote for this motion, which I recognize is not binding on the conferees, any instruction is not, but is a good expression of the will of the House, which hopefully the conferees will take into account.

Mr. Speaker, I reserve the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am tempted to go for a full vote of the House just to try to get my point across to the gentleman from New York (Mr. NADLER). I am withholding my own inclination to disallow this thing wholly on the basis of a vote which I believe I can try to muster a majority to refuse the gentleman's motion.

He refuses to understand that as a matter of comity and courtesy, I am willing to transfer, to carry his point of view to the conference, even though I have strong feelings about the fact that that is not the salient point of the conference in total bankruptcy reform.

□ 1615

But if he keeps insisting about wanting to continue debate, I may want to have a full vote. At this juncture, I will vouch for myself and for him, that the pressure is off on this and that we are going to proceed to a voice vote.

Is the gentleman willing to agree to proceed to a voice vote?

Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield 4 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding me the time, and I thank the gentleman from Pennsylvania (Mr. GEKAS). I think we have an expanded opportunity to work out some issues. And let me add my expression of concern but also recognition, I think the chairman has recognized this issue, and I am delighted that the gentleman from New York (Mr. NADLER) has refreshed our memories and brought this very important point to our attention; that is, the question of those credit users, borrowers who in actuality pay on time or pay in full, for those individuals to be deprived of credit or to be put in a more disadvantaged position than otherwise.

Might I cite another example that does not go to this particular point, and I believe the gentleman from Pennsylvania (Mr. GEKAS) may be aware of this, is the complete consumption or being consumed throughout the Nation by credit cards. We have found many of my constituents who may not, in certain instances, be eligible for credit cards cannot even pay with cash. We have heard the stories of not being able to rent cars and purchase other large items, if you desire to purchase it without a credit card. So this idea of finding out that those who would be willing, if they had a credit card, to pay in advance I think is an important instruction.

I look forward to working with both the gentleman from New York (Mr. NADLER) and the chairperson on addressing these questions. I might add, if I might inquire of the gentleman from Pennsylvania (Mr. GEKAS), I am concerned, coming from Texas, as to how we might fix the homestead problem. It was raised by my colleague, the gentleman from Texas (Mr. BENTSEN).

I understand that the Senate bill makes it worse, and it makes it very difficult for us in Texas because of the different rules that we have. Is the gentleman familiar with the homesteading problem, the cap with respect to the amount of monies able to be preserved on one's homestead?

Mr. GEKAS. Mr. Speaker, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Pennsylvania.

Mr. GEKAS. Mr. Speaker, I seem to recall that the gentlewoman did not support the House bill and in doing so on the whole, it appears that she rejected the homestead exemption language that we have in the House.

But I must say to the gentlewoman that the homestead exemption in the House, which we believe is the strongest version of that issue that is possible, is one that we plan to defend staunchly at the conference. We have been in consultation with her colleagues, her governor, and with our colleague on the Committee on the Judiciary, the gentleman from Texas (Mr. SMITH), who has kept us in tune with the wishes of the Texas legislature and of the Governor and of his colleagues in the Texas delegation in the Congress. So we intend to work hard to preserve the exemption that is now part of the House language.

Ms. JACKSON-LEE of Texas. Mr. Speaker, the gentleman is absolutely right. I voted against the bill. I thought it was a bad bill. But that bill, as far as I am concerned, did not totally answer the concern that I had with the homesteading question. I am very delighted that we will try and fix or we will attempt to make it better, both out of the Senate and maybe even better than what was reported out of the House.

My final point will be that I think one of the missing items that could be

worked upon as well is the question dealing with educating credit users. I hope that in this conference there will be some discussions about those issues and, as well, I particularly raise the concerns I had about this bill in its lack of protection for child support and alimony.

With that, I would simply say that it is important that we put forward the best bill we can in protecting those who are most in need.

I rise to support this amendment in response to a disturbing practice that, unfortunately, has become all too common.

Credit card companies have told the Congress that they need protection from irresponsible borrowers who try to abuse the bankruptcy system to evade debts they can repay.

Yet, some credit card companies have been discriminating against the most responsible borrowers by cutting off the credit cards, or charging other fees, to borrowers who pay their bills in full and on time each month.

This form of discrimination against the most responsible borrowers is intolerable and outrageous. On the one hand, they are telling us that borrowers are irresponsible, and on the other hand, they want the right to discriminate against borrowers when they act responsibly.

In response to this phenomenon, the Other Body adopted an amendment offered by the Junior Senator from Rhode Island [Mr. REED] which would prohibit the practice. It is an amendment to the Truth in Lending Act, it makes sense, it is fair, and it re-enforces the theme the sponsors of this bill have been stressing—the theme of shared responsibility in lending.

The House bill tightens the noose around the necks of bankrupt Americans, but does nothing to ensure that banks are also required to act responsibly. This amendment, and others adopted by the Senate will bring some balance to an unbalanced bill.

This is a real problem. Around the country, credit card customers who are most responsible with their borrowing practices, have received letters from issuers which say—and I am quoting here:

> Our records indicate this account has had no finance charges assessed in the last 12 months. Unfortunately, the expense incurred by our company to maintain and service your account has become prohibitive, and as a result, in accordance with the terms of your cardholder agreement, we are not reissuing your credit card.

The message is clear: be responsible, but don't be too responsible, and it reveals the true agenda of the supporters of this bill, which is not to encourage responsible borrowing, but to allow banks to squeeze borrowers. The banks were able to kill an amendment to prohibit the outrageous double fees at ATM's. A little balance and fairness.

Credit card companies have claimed that they need to cancel accounts which do not incur finance charges because the cost of servicing these accounts is ''prohibitive.'' That's not true.

Each year, an overate of $3,000 is charged to a credit card. The 2 percent interchange fee on these charges, which equals $60, would seem to more than cover the average industry cost of $25 needed to service an account for a year.

Americans hold over $450 billion in consumer debt, and with the average interest rate on credit card balances at 17.7 percent, the overall profitability of credit card lending is apparent.

This amendment also will not bar lenders from cutting off cards or charging fees for other legitimate reasons. It would only block those actions if they are used to discriminate against the most responsible and conscientious borrowers.

I urge my colleagues to support the motion to instruct conferees. Let's have a bill which stresses balanced and shared responsibility in the credit market.

Mr. NADLER. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. LAFALCE), ranking member of the Committee on Banking and Financial Services.

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Speaker, I thank the gentleman for yielding me the time.

I rise in support of the motion to instruct House conferees on the Bankruptcy Reform Act. I wish to commend my colleague, the gentleman from New York (Mr. NADLER) for his leadership in directing the House's attention to the important issues raised in the Senate bill by the Reed amendment. At a time of escalating consumer debt and record bankruptcies, it would be everyone's objective or it should be everyone's objective to encourage consumers to be more responsible in managing debt, particularly credit card debt.

This is a primary reason for enacting legislation to create a needs-based bankruptcy system. Unfortunately, many credit card companies have taken an opposite approach. Rather than encouraging responsible use of credit cards and reduction of credit card debt, they are imposing penalties on the 40 percent of their card holders who act responsibly and regularly pay off their credit card balances.

Press articles began appearing 2 years ago describing how one credit card issuer, then another, had begun imposing minimum finance charges or maintenance fees on the accounts of card holders who regularly paid off the card balances each month. Last year we read that several credit card issuers had also begun canceling the accounts of card holders who regularly paid their card balances in full.

These seemingly self-defeating actions were guided by the cynical theory that if consumers are going to pay fees anyway, they can be induced to run up their card balances and pay interest charges. The provisions added to the Senate bankruptcy reform bill by the Reed amendment are almost identical to proposals that I introduced in the House this summer. They would prohibit a credit card issuer from imposing fees or charges on a credit card account or canceling or refusing to renew such account solely because the cardholder pays off the card balances on time and does not incur finance charges.

At a time when Congress is seeking to induce debtors to be more responsible in managing debt, the credit card companies are actually punishing debtors for doing just that. These practices are unfair, they are costly to consumers, and they are inconsistent with the purposes of the bankruptcy legislation.

Part of the reason I voted against the bankruptcy legislation was the bill's inattention to legitimate consumer concerns in the bankruptcy process. The Reed amendment language in the Senate bill offers one important area where we can improve this legislation for America's consumers.

Mr. Speaker, we need policies that encourage responsible use of credit cards and reduction of consumer debt, not policies that impose penalties on consumers who want to repay their debts.

I urge adoption of the Nadler motion to instruct the House conferees to accept these very important provisions in the Senate bankruptcy bill.

Mr. NADLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am going to ask for a vote on this motion because I understand the intent of the distinguished chairman when he says he will convey to the conferees, if we do not seek a vote, he will convey to the conferees our views on this matter, but he will also tell them it is not germane to the House bill. In other words, he will quietly seek, the majority will quietly seek to kill this amendment and we will never hear about it again. So I want a vote on this motion.

This motion really shows what is going on here. Look at this chart here. We are told that the increasing number of bankruptcies is because middle-income and low-income Americans are generally deadbeats, that they are people of no character, that the moral stigma associated with welching on your debts is no longer around, people go bankrupt very easily. That is the whole basis for this unfortunate bill.

Whereas in fact, we know that 15 years ago, in 1983, the average bankruptcy filer had debts, personal debts equal to 75 percent of his annual income. Today the average chapter 7 filer, the average bankruptcy filer has debts equal to 125 percent of his annual income. So today it is not that people are filing for bankruptcy as the first thing when they get into trouble. It is that they are in way over their heads. They are in way over their heads, and they do not file until they are absolutely desperate. Their debts are 125 percent of their annual income.

The banks, having extended the credit recklessly, now want to do two things they want to do to the person who has gotten in over their head, because they keep throwing credit cards and credit at people who do not have that kind of income, they want us to crack down on bankruptcy so people cannot get out from under their debt. That is the chief point of this bill.

Now they also want to say to those people who actually pay their debts on time, let us milk them for more

money, too. If you have a credit card and you use it and you pay your bill in full on time every month, they are not making enough money off you. So they want and they are starting to say, we are going to cancel your credit card, or we are going to charge you a higher fee. And the Reed amendment says they cannot do that. They cannot charge a higher fee to someone who pays his debts in full each month than to someone who does not, and they cannot eliminate the credit card for that reason.

It is not a sin to pay your debts on time. Look at that quote from the letter I read before from the bank, I forget which bank, to a creditor, You pay your debts on time and that is terrible. It costs us a lot of money.

Let us look at this chart here. This chart shows the profitability of the credit cards as against the profitability of the banking system. Look at it here. The banking system's return on assets has averaged, since 1971, about 1 percent. Went down in 1987, with the stock market crash, to a little over, about a third of a percent and more recently was up at about 1.5 and 1⅔ percent, but about 1 percent.

But look at the profitability of the credit cards. We all know what has happened to the credit cards. In the early 1980s, we deregulated the banks. We eliminated the interest rate ceiling on credit cards because in the late 1970s we had huge inflation and the interest rate was below the inflation level and the banks lost money for a couple years.

So we said, no more limits. What happened? Well, the interest rates shot up. Interest rates on everything else, car loans, mortgages, cost of money to the banks has come way down, but the credit cards have stayed up there at almost 18 percent average. Do you know what the mortgage rate is today? It is 6.25 or 6.3 percent on a mortgage, on a 30-year mortgage. It is somewhat similar to single digits for car loans. But for credit cards, the average is 17.7 percent.

So what happened to the profitability? Here is where we deregulated the interest rates. It went up to about 5 percent and for the last 17 or 18 years, it has stayed between 5 and 4 percent, most recent measurement about 4⅔ percent, 4 times, 3½ to 4 times higher than the general profitability of the whole system.

So that banks are making out like bandits on the credit cards. They are making plenty of money. But it is not enough. After all, they have lent recklessly in foreign countries and we have got to really squeeze the American consumer to pay the banks back for what they have lost on investments in Russia and Argentina and other places. So let us squeeze the people. Those who got into, got in over their heads, who have debts amounting to more than 100 percent of their annual income and are filing for bankruptcy, let us pass this bill. Let us spend $40 million in campaign contributions and lobbying to pass this bill to enable us to really squeeze these consumers and make it harder for someone in over his head to go bankrupt and, for those who go bankrupt, make it harder for them to get out of it.

But that is not enough. Quite separate from this bill, let us tell those terrible people who actually pay their debts on time every month, we do not want your business, because we are not making enough money off you. We are making real money.

□ 1630

The 2 percent interchange fees on these charges equal $60. The average cost of servicing the account is $25. It seems to average, my arithmetic tells me, a $35 profit per year without any interest. But that is not enough. They are using the ability to cut off people from credit or to impose extra fees for the sin of paying their bills on time.

This amendment, Mr. Speaker, does not, unfortunately, deal with the other evils in this bill, but this amendment, which the Senate voted for, which is in the Senate version of the bill, simply says a creditor may not solely, because a consumer has not incurred finance charges in connection with an extension of credit, one, refuse to renew or continue to offer the extension of credit to that consumer; or, two, charge a fee to that consumer in lieu of a finance charge. That is the entire amendment.

So we will have a vote on the floor. Let the American people see who in this House thinks that the banks should be able to gouge in this way the debtor who pays his debts on time and who does not. I urge the Members of this House to vote for this motion to instruct the conferees to agree to the Senate amendment and it will show us who cares about consumers, at least a little, and who only cares about the profitability of the credit card companies.

Mr. Speaker, I reserve the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Just as the overwhelming argument that had been heard throughout the bankruptcy bill debate about how the debtor is being crushed by our bill, the argument against that is the one that now prevails against the argument from the gentleman from New York. We maintain that if we do not reform the bankruptcy bill, every consumer in the United States is faced with higher consumer costs, higher interest rates, higher cost of goods at the supermarket, let alone at the credit market.

Now, what happens here, if this Senate provision remains in the bill, the one to which the gentleman from New York commands our attention, then the likely result will be higher annual fees for the rest of the debtors who consume credit on the credit market and higher interest rates because the losses that might be incurred by the credit companies in this particular facet of their enterprise has to be passed on to other customers. Who are they? They are all consumers who rely on credit across the land for the ability to purchase goods, to feed their families, to do all that is necessary to maintain a standard of living on the part of everyone.

So here is the question that is going to be answered by the gentleman's vote on the pending question that will come before the House on the motion to instruct. If my colleagues want to see higher annual fees for credit cards, if they want to see higher interest rates for credit cards, if they want to see our students, who want loans, to have to pay higher annual fees or higher interest rates, or to see a family that needs to borrow some money for improvement of some facet of their family life; if my colleagues want them to pay higher annual fees and higher interest rates, then they should vote in favor of the motion to instruct.

If, however, my colleagues believe, as I do, that just like bankruptcy, if it goes too far and is not controlled, it will cost all of us in interest rates, in cost of goods and cost of doing business in our country, then my fellow Members will vote against the motion to instruct; to preserve the path that we have already prepared to bring down interest rates, to reduce the cost of what bankruptcy does to the Nation, and to allow our families to be able, without more fees to pay and more interest to pay for credit, to be able to add to their families' stability.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker, this is an issue of principal. If an individual makes a loan, it is simple, they pay it back. When an individual goes in to borrow, whether it is from their colleague, a bank, whether it is a savings and loan or whatever, they know what the interest rates are and they should adhere to the rules of that loan. If they do not, it is called responsibility. They should take responsibility for that action and pay it back. And if they cannot, then it is called accountability. We must all account for the fact that we did not take into account all the different areas in which we cannot pay back that loan, whether it is from our brother, a bank or anybody else.

The gentleman speaks about the rich versus the poor and the credit card companies making all this money. No one makes an individual go get a credit card. No one makes an individual borrow from their uncle or father or whatever it happens to be. But if they do, they darn sure better pay it back, because we do have laws in this Nation, versus someone saying, oh, someone is preying on the other individual.

Interest rates, according to Alan Greenspan, are below 2 and 8 percent lower than if a liberal Congress would have ruled since 1994 because of the balanced budget. Now, think how an 8

percent increase on a credit card would have affected these people. It would have been disastrous.

The other liberal answer is to tax people. And they talk about how in 1993, that, oh, they balanced the budget by increasing taxes on people. Well, they increased the tax on Social Security, some of our poorest people in our Nation. They increased the tax on the middle class. They cut the COLA of the military and the veterans. But yet now they cry the rich versus the poor and the profitability of credit card companies.

It is based on principle, Mr. Speaker, it is based on responsibility, and it is based on accountability; some things my liberals friends fail to recognize.

Mr. NADLER. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from New York (Mr. NADLER) has 9 minutes remaining, and the gentleman from Pennsylvania (Mr. GEKAS) has 15 minutes remaining.

Mr. NADLER. Mr. Speaker, I yield myself such time as I may consume.

I would simply observe, Mr. Speaker, that the gentleman from California apparently was unaware of the subject matter of this motion. We are not talking here about people who are irresponsible, if that is what it is; or perhaps just down on their luck; perhaps they did not have health insurance and needed an expensive operation; got laid off, whatever. We are talking here about people who pay their debts on time every month and for whom the credit card companies now want to say they cannot get credit because they pay their debts. That is what the subject of this motion is. So let us not talk about irresponsibility.

And let us not debate about the balanced budget. That is a separate debate. Let us talk about what we are talking about, and what we are talking about is this motion to agree with the Senate amendment, which says that the credit card companies should not be able to charge extra or to eliminate credit all together to a credit card holder simply because he or she commits the terrible sin of paying their debt on time. That is the amendment. So let us not talk about responsibility here. This person is meeting his responsibility or her responsibility.

Now, I would like to address the argument of the gentleman from Pennsylvania, who says that if the banks are not earning enough money from these people because they pay their debts on time, and they are not paying, therefore, interest charges; if we do not allow the banks to shut off credit to them; if we do not allow the banks to charge them a special extra fee, to penalize them for paying their debts on time, then that extra cost of the banks will be passed on to the consumer. Frankly, that is not true. In fact, it is nonsensical and history proves it.

When we voted in the early 1980s to deregulate interest rates, we were told, hey, the inflation rate in 1979 was 17, 18 percent. We cannot have an interest rate ceiling of 6 percent. The bank is losing money. So we will deregulate the interest rate, we will let the banks charge 20, 21 percent and, of course, when general interest rates come down, the credit card interest rates will also come down.

Well, the general interest rates came down. The current Federal Reserve rate is 5.25 percent, and they are thinking of lowering it further. Mortgage rates have come down, car loans have come down, everything has come down except credit card interest rates. They came down from 22 to about 18 percent, but they are way up there, and that is why the profitability jumped.

And who in this country really believes that if we allow the banks to gouge people who pay their debts on time that this profitability will not simply go up? Who believes that banks will pass that savings on to the consumer? Who believes that they will lower the interest rates that they have held artificially high by semi-monopolistic practices for the last 15 years? That is absurd.

I daresay if I proposed an amendment to mandate that the banks lower the interest rates to reflect this cost, people on that side of the aisle would say, that is terrible, that is socialistic, I do not know what it is, it is paternalistic. But the banks are not going to lower the interest rates. They have not for the last 15 years. It is way above their costs. And that is why from everything else they do they are making a profit in the 1 to 2 percent range. From credit cards they are making a profit in the 4 to 5 percent range because they are gouging the consumers now. They will continue to gouge the consumers. And this is one more way of gouging the consumers they have invented. And the gentleman thinks we should not prevent them from enjoying the fruits of their inventiveness on a new way to gouge consumers.

So I hope we pass this; we accede to the Senate amendment, and at least have a little control here and a little sympathy for the responsible consumer who pays his debts.

Mr. Speaker, I reserve the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

It is obvious to me that the gentleman from New York, if I could have his attention, does not have much faith in the free enterprise system. He keeps insisting that, even with strong competition in the banking industry, that somehow they will not allow the market to control whether or not credit interest rates will go down or up. But everyone knows, who has a scintilla of an idea about the free enterprise system, that competition, especially among banks, among credit lenders, is severe and that credit competition allows costs, annual fees, interest rates to be modified from region to region, from different kinds of loans to other different kinds of loans.

And I daresay that anything that we do, like the proposition that the gentleman espouses, that is now contained in the Senate bill and is the subject of his motion, if that remains in place, the student who is in college, who wants to borrow some money to use for a continuation of his studies at college will shop around and find an interest rate or an annual fee type of credit charge that best suits his needs. If the gentleman prevails in this, that student will have less choice. And whatever choice he does have will contain almost automatically annual fees that would not have existed before and higher interest charges for the purposes that the student wants to use: for books, for maintenance of his life-style in college, to perpetuate his existence at college even.

So why does the gentleman from New York want to risk having this student, or a family that wants to get together and have some additional credit for an addition to their house, or for some joint vacation that the family wishes to take, all of a sudden, in this free competitive market that we are talking about, the gentleman wants to add another burden, another crimp on the competitive angle of the enterprise system in the credit industry, and force upon this family the possibility of having less credit areas in which to shop for good credit, good rates, one that does not have as high an annual fee as others and, instead, will force the family to have to look at higher annual fees, higher interest costs, and perhaps even force them to forego the vacation, or forego the extra semester in college, or forego the ability to build an addition to their home, or forego a new appliance in their family atmosphere. Why? Because the credit companies, those wishing to offer credit, will be constrained one step more if they cannot recover some of their losses in different ways by being able to impose certain annual fees and credit charges.

□ 1645

This is a call to increase annual fees, for all of us to increase credit rates, interest rates for all of us, in the name of not allowing the banks or the credit card companies to get away with fees and credit interest costs.

Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I believe the free enterprise system is by far the best economic system that we have discovered thus far in terms of the production of wealth in services. It produces a bounty of goods to distribute.

But the free market is not perfect. If it were perfect, we would not have this problem. If it were perfect, we would not have to regulate HMOs, which gouge their customers and sacrifice the quality of medical care to the bottom line, although I am sure some people think that is impossible in a free enterprise system.

The market is not perfect. If it were perfect, interest rates on credit cards would not average today's 17.7 percent. It is an oligopoly. Yes, there are some banks, banks we never heard of in some small town somewhere that will offer a credit card at 11 percent or 9 percent. But the big ones that have 90 percent of the business, that spend a lot of money on marketing, they are up in 17 and 18 and 21 and 19 percent, and they get away with it because the free market is not perfect. We need this protection.

Mr. GEKAS. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from Pennsylvania (Mr. GEKAS) has 11½ minutes remaining.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, now we hear that the HMOs gouge and the banks gouge. I suppose lawyers and doctors and dentists gouge, and the mom-and-pop grocery store gouges and everybody else gouges. Maybe the gouges are in the free market so people can select between gouges and thus reduce the cost of goods, et cetera.

The gentleman from New York (Mr. NADLER) overlooks the fact that in this competitive system that we have, that 11 percent which he mentions in the hometown, in the small town, will be very attractive to this student that I am talking about. He is not going to go to the big bank where 18 percent is charged. He has got a choice.

What we are saying is that the more constraints we put on the big banks and the little banks, that student will not be able to get the 11 percent anymore because that 11 percent company is going to have to raise its interest rates if some of these artificial constraints are put on them.

By his very example, he demonstrates why his motion should not carry. His motion is a constraint on the free market. His motion to instruct the conferees dampens the right and the ability of a student who requires credit to continue in college, constrains the family that needs extra credit for family needs and stability. For the economy itself, where we need fewer restraints on free enterprise, the gentleman offers even more ways to strangle it.

I hope that the body will vote an energetic ''no'' on the motion to instruct conferees on this bad idea.

Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from New York (Mr. NADLER) has 4 minutes remaining.

Mr. NADLER. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New York (Mr. NADLER) for yielding.

The motion of the gentleman is so obviously reasonable that I am unsure why we are even furthering the debate. As I understood the remarks of the chairman early on, if we had taken a voice vote we might have moved this forward. But I simply want to correct some of the comments made as to the enormous burden on our credit card companies.

The hearings that we held, few that they were, evidenced that there were very, very few default problems and loaded monetary problems or impact with our credit card companies. So I think that we are distorting this guilt that we are promoting in suggesting that our credit card companies, our banks, are suffering.

But I wanted to emphasize women in this particular motion, for many of my constituents came to me, particularly on the drastic and dastardly provisions impacting alimony and child support which still have not been corrected. But certainly many of them said that we try to manage our money and in managing our money, many of them have credit cards and attempt to pay off those credit card bills either in full or certainly timely. Women are being denied credit by this kind of legislation. The motion of the gentleman from New York (Mr. NADLER) should be passed.

Mr. GEKAS. Mr. Speaker, may I ask how much time is remaining?

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. GEKAS) has 10 minutes remaining. The gentleman from New York (Mr. NADLER) has 3 minutes remaining.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, there is another element of this that is being overlooked by the gentlewoman from Texas (Ms. JACKSON-LEE) and the gentleman from New York (Mr. NADLER), all of those who are criticizing so vehemently the free enterprise system and the people who are in business to extend credit, when the entire country, our family strongholds, run on the basis of credit extension, the entire system. That is such an obvious basic standard under which we live that it always galls me to listen to the rhetoric that would tear apart a credit system that enables us to have the highest standard of living that the world has ever known.

I am saying to my colleagues, and I would like to see anyone refute it, that the high standard of living that we have is 85 to 90 percent based on the fact that we have a marvelous credit extension system.

Now, having said that, I will always be mindful of the fact that credit unions, the most basic of neighborhood organizations and groups that are eager to extend credit to their membership, credit unions would be harmed by what the gentleman wishes to do here.

We have debated on this floor many, many times the value of credit unions, how people get together in the workplace, form a credit union, and then on a very tight system of profitability offer to each other the ability to have credit and to be able to purchase household goods, et cetera. The credit unions have to very carefully balance their books through annual fees and what interest rates they are going to charge, et cetera. They are very competitive.

Why in the world must we entertain always propositions that put the constraints on the credit extension on which the whole basic economy of our country is based?

Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield 2½ minutes to the gentleman from Massachusetts (Mr. KENNEDY).

Mr. KENNEDY of Massachusetts. Mr. Speaker, first of all let me commend the gentleman from New York (Mr. NADLER) for the fine work that he has done on this bill despite long odds early on in this debate.

I rise in strong support of the motion to instruct. This motion instructs conferees to insist upon the provisions in the Senate bill which outlaw the outrageous credit card practices that encourage higher debt and more bankruptcies.

All year long Congress has been teaming with credit card lobbyists pushing for legislation making it harder for consumers, for working Americans, to get relief from crushing debt woes. Some people think this bill only deals with credit card debt. The truth of the matter is all credit will be subject to these kinds of provisions.

These lobbyists were quite clever. Rather than admitting that their agenda was even greater profits in an industry characterized by 22 percent interest rates and mushrooming finance charges, they said bankruptcy reform was pro-consumer. The same people that send out hundreds of millions of dollars in unsolicited credit card offers each year argued that consumer debt was too high. The same people that buried consumers teetering on the verge of bankruptcy with 22 percent interest rates and unconscionable fees, argued that there were too many bankruptcies.

The simple truth is, Mr. Speaker and members of the committee, let me explain: Just last week my son, who is yet to turn 18, will turn 18 next week, received an unsolicited credit card offer of $3,000 from a credit card company. It is these kinds of unsolicited offers that go out to kids across America.

I sent my staff into high schools around this city and found that in every high school class we visited credit card companies were offering kids under the age of 18 credit cards without any provisions as to whether or not the kids can pay their debts back. Then what happens? We see in BJ's Holding Company, whatever it is, the name of the firm, that if they pay their bill on time, BJ's cancels their credit card.

The GE fee, if they pay their bill on time, if they are a good hard-working

American and they pay their credit card bill on time, what does GE do? They cancel their credit card. These are the provisions that we ought to be standing up and making certain are contained in this bill.

I know my friend the gentleman from Pennsylvania (Mr. GEKAS) has a great deal of consumers that I am sure he represents, and I hope that he would support the provisions in the Senate bill that incorporate these basic protections against the consumer.

Mr. GEKAS. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. GEKAS) has 8 minutes remaining. The gentleman from New York (Mr. NADLER) has 30 seconds remaining.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Massachusetts (Mr. KENNEDY) misapprehends the entire argument here in debate. His very concern about consumers, his stated concern about consumers is what drove us in the first place to bring about bankruptcy reform, because the consumers of our Nation have had to pick up the tab right across the board for those who fail to repay their debts even when they have the ability to repay their debts. Now, that is the core of the problem in bankruptcy.

Yet, while the detractors of our efforts on bankruptcy reform were attacking it on the consumer basis, they were also saying part of the problem is that credit card companies are too free, just like the gentleman from Massachusetts (Mr. KENNEDY) is saying, in distributing these cards to everybody and these people pick them up and use credit.

Now he is in favor of an amendment of the Senate that tightens up, that does not permit the extension of credit to some people. He wants to make it easier yet for people to have credit cards. That is a position against his own position. If his motion carries and this is removed, there will be creditors who are willing to have even more credit extended, and more consumers will want more credit and have nothing to stop them from more credit, exactly the position that he says causes the problem in the first place.

It is a convoluted argument. On one hand he says credit card companies swamp the American public with credit cards. Now this one which says that a credit company should be more discriminating in how to extend credit, then we have got to remove that discrimination, make the credit card company more easily distribute credit cards all over the place.

Mr. KENNEDY of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. GEKAS. I yield to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Speaker, I appreciate the gentleman yielding.

The truth is that what we are talking about here is not whether or not we should be allowing tens of thousands, for every single American 10 new credit cards provided each year. The question is whether or not we should be allowing companies to cancel only those credit cards that are being paid on time. That is what these companies are doing.

I am not in favor of expanding credit to those people that cannot pay. We are asking the companies that cancel credit cards when an individual simply pays on time to outlaw that practice.

Mr. GEKAS. Mr. Speaker, reclaiming my time, the gentleman makes an argument that I am certain the Committee on Banking and Financial Services would entertain at any given time, if only he would present it to them. Because that has to do with the whole competitive system of banks and credit cards and nothing really to do with the debate that brought about bankruptcy reform which is contained in 3150. This was added at the last moment.

But, in general, his argument has to do with the right of the credit card company to discriminate as to whom to give a credit card. He still maintains that they are too free in sending out thousands of credit cards to people, but then he says we should not let the credit company discriminate as to whom they should issue a credit card. How can we sustain both arguments? It does not make any sense.

What he is really saying, I say to the gentleman from Massachusetts (Mr. KENNEDY), is that this is an issue on credit card extension and credit extension generally that belongs in the Committee on Banking and Financial Services, on issues that have nothing to do with the narrow scope of the bankruptcy bill. It has to do with the ability of people to repay debts and allowing a channel for doing so.

□ 1700

That is exactly what the bankruptcy bill does. I believe very strongly that to adopt the motion that has been made here and to allow the Senate amendment to survive would mean increased costs for consumers generally across the land, all of us who use credit cards, for those who need to make available to students a credit system that will allow them to get credit, without the specter of higher annual fees or higher interest rates, which can be forced upon them if you insist that credit card companies would have to extend credit the way you want them to do it, not the way that the market itself demands. You insist that they should not be able to cut off someone and charge an annual fee because you know better than they what the market conditions are at a particular time, for which their profit margins and cost margins dictate that they have got to charge an annual fee, even to the good customer, or else they would not be able to offer credit to anybody. But you would substitute your judgment and say, by darn, they have got to do that, while the at the same time you say the credit card companies are too free in sending out credit cards all over the landscape. It makes no sense at all.

I maintain that in the motion to instruct, we ought to vote no to preserve the stability of the competitive system in credit extension.

Mr. Speaker, I yield back the balance of my time.

Mr. NADLER. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts (Mr. KENNEDY).

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from Massachusetts is recognized for 30 seconds.

Mr. KENNEDY of Massachusetts. Mr. Speaker, let me just say that there is a bizarre twisting of the truth. What we have here is a situation where, yes, we want people to have access to credit, but we do not want people to have access to credit that the credit card companies simply know cannot pay back their bills. That is true with young kids, that is true with people that are overindebted, and it is true when we have a situation where the credit card company is not interested in costs, they are interested in profits. What they do not want is they do not want people who pay on time, because they cannot charge the 22, 25 and 30 percent interest rates, which is where they make their money.

Vote for the Nadler bill, vote for the motion to instruct; stand up for the American consumer.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from New York (Mr. NADLER).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. NADLER. Mr. Speaker, I demand a recorded vote.

The SPEAKER pro tempore. Pursuant to the order of the House of today, further proceedings on this motion will be postponed.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 5, rule I, the Chair will now put the question on each postponed question on which further proceedings were postponed earlier today.

Votes will be taken in the following order.

Motion to suspend the rules and pass H.R. 3891, as amended, de novo;

Conference report on H.R. 4103, by the yeas and nays;

Conference report on H.R. 4060, by the yeas and nays; and