The PRESIDING OFFICER. The appointments will be made.

BANKRUPTCY REFORM ACT OF 2000—CONFERENCE REPORT—Continued

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the previous debate time with respect to the bankruptcy bill begin at 1:45 p.m. on Thursday, with a vote then to occur on passage at 3:45 p.m.

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

Mr. GRASSLEY. Mr. President, I rise today to speak yet again on the topic of bankruptcy reform. Yesterday, we invoked cloture on the Bankruptcy Reform Conference Report with 67 votes. That's a solid bipartisan level of support. We have a conference report where both the majority leader and the minority leader voted to cut off debate. At long last, Congress is on the verge of enacting fundamental bankruptcy reform. Earlier this year, the Senate passed bankruptcy reform by an overwhelming vote of 83–14. Almost all Republicans voted for the bill and about one-half of the Democrats voted for it as well. Despite this, a tiny minority of Senators used unfair tactics to prevent us from going to conference with the House of Representatives in the usual way. So, we put the bankruptcy bill into another conference report. The important thing about this conference committee—which I have said before but want to reiterate now—is that the committee was evenly divided between three Democrats and three Republicans. There was no Republican majority on the conference committee. We would not be here if not for support from Democrats on the conference committee. So all of these objections to the effect that Republicans used some procedural trick to avoid dealing with the minority is simply and flat out false.

As I am speaking, the House passed the bankruptcy conference report by a voice vote. We are almost there. And with the level of bipartisan support demonstrated in yesterday's vote, I am confident we'll send the best bill we can to the President.

As I have stated before on the Senate floor on numerous occasions, every bankruptcy filed in America creates upward pressure on interest rates and prices for goods and services. The more bankruptcies filed, the greater the upward pressure. I know that some of our more liberal colleagues are trying to stir up opposition to bankruptcy reform by denying this point and saying that tightening bankruptcy laws only helps lenders be more profitable. This just is not true. Even the liberal Clinton administration's own Treasury Secretary Larry Summers indicated that bankruptcies tend to drive up interest rates, Mr. President, if you believe Secretary Summers, bankruptcies are everyone's problem. Regular hardworking Americans have to pay higher prices for goods and services as a result of bankruptcies. That's a compelling reason for us to enact bankruptcy reform during this Congress.

Of course, any bankruptcy reform bill must preserve a fresh start for people who have been overwhelmed by medical debts or sudden, unforeseen emergencies. That is why this conference agreement allows for the full, 100 percent deductibility of medical expenses. This is according to the nonpartisan, unbiased General Accounting Office. Bankruptcy reform must be fair, and the bicameral agreements on bankruptcy preserves fair access to bankruptcy for people truly in need.

These have been good times in our Nation. Thanks to the fiscal discipline initiated by Congress, and the hard work of the American people, we have a balanced budget and budget surplus. Unemployment is low and so is inflation. But in the midst of this incredible prosperity, about 1½ million Americans declared bankruptcy in 1998 alone. And in 1999, there were just under 1.4 million bankruptcy filings. To put this in some historical context, since 1990, the rate of personal bankruptcy filings has increased almost 100 percent.

Now we see signs of slowing in the economy. We see consumer confidence declining. We see the stock market losing value. We need to fix our bankruptcy system before a recession comes and we're overwhelmed with huge numbers of bankruptcies. According to a recent article in the New York Post, we as a nation are looking down the barrel of a new and larger epidemic of bankruptcies. This article quoted a recent study from a New Jersey research firm that predicts a 10–20 percent increase in bankruptcies next year. Another expert quoted in the article indicates that the increases may be much greater. We need to act now.

As I indicated earlier, we have been doing pretty well lately as a country. With large numbers of bankruptcies occurring at a time when Americans are earning more than ever, the only logical conclusion is that some people are using bankruptcy as an easy out. The basic policy question we have to answer is this: Should people with means who declare bankruptcy be required to pay at least some of their debts or not? Right now, the current bankruptcy system is oblivious to the financial condition of someone asking to be excused from paying his debts. The richest captain of industry could walk into a bankruptcy court tomorrow and walk out with his debts erased. And, as I described earlier, the rest of America will pay higher prices for goods and services as a result.

I ask my liberal friends to think about that for a second. If we had no bankruptcy system at all, and we were starting from scratch, would we design a system that lets the rich walk away from their debts and shift the costs to society at large, including the poor and the middle class? That would not be fair, but that is exactly the system we have now. Fundamental bankruptcy reform is clearly in order.

I want my colleagues to know that the conference agreement preserves the Torricelli-Grassley amendment to require credit card companies to give consumers meaningful information about minimum payments on credit cards. Consumers will be warned against making only minimum payments, and there will be an example to drive this point home. As with the Senate-passed bill, the bicameral agreement will give consumers a toll-free phone number to call where they can get information about how long it will take to pay off their own credit card balances if they make only the minimum payments. This new information will truly educate consumers and improve the financial literacy of millions of American consumers.

Yesterday's vote shows that the mainstream of opinion in the Senate supports bankruptcy reform. But that has not stopped the tiny handful of liberals who oppose bankruptcy reform have waged a campaign to spread disinformation about the bankruptcy bill. The article in Time magazine that Senator WELLSTONE constantly refers to is a case in point. This article purports to prove that bankruptcy reform will harm low-income people or people with huge medical bills. This article is simply false. I spoke about this on the floor last summer but a little reminder might be helpful for some of my colleagues who don't follow this bill as closely as I do.

What is most interesting about this Time article is what it fails to report. Time, for instance, fails to mention that the means test, which sorts people who can repay into repayment plans, doesn't apply to families below the median income for the State in which they live. The Time article then proceeds to give several examples of families who would allegedly be denied the right to liquidate if bankruptcy reform were to pass. Each of these families, however, would not even be subjected to the means test since they earn less than the median income. While this sounds technical, it's important—not even one of the examples in the Time article would be affected by the means test.

The Time article fails to mention the massive new consumer protections in our bankruptcy reform bill. The Time article fails to mention the new disclosure requirements on credit cards regarding interest rates and minimum payments. In short, the Time article fails to tell the whole truth. I think that the American peopled deserve the whole truth.

The truth is that these bankruptcies represent a clear and present danger to America's small businesses. Growth among small businesses is one of the primary engines of our economic success. With the predictions of a new tidal wave of bankruptcies next year, we have to be concerned about a domino effect. As more and more consumers use bankruptcy to escape paying their debts, more and more small businesses will face unsustainable losses. And if we don't act to protect small businesses, then one of the main sources or our prosperity will be in serious jeopardy. As responsible legislators, we cannot let that happen.

The truth is that bankruptcies hurt real people. Sometimes that is inevitable, but it is not fair to permit people who can repay to skip out on their debts. I think most people, including most of us in Congress, have a basic sense of fairness that tells us bankruptcy reform is needed to restore balance.

I will share with you what some of my constituents are telling me about bankruptcy reform. I will not go through all of these quotes. But a constituent from Des Moines, IA, said:

> It is insane that such a practice has been allowed to continue, only causing higher prices to consumers. . . . Debtors should be required to pay their debt.

A lady from Keokuk, IA:

> Bankruptcies are out of hand. It's time to make people responsible for their actions—do we need to say this?

I could go on and on. But I have given you two examples of many I have gotten from my State. Considering the fact that there were 83 people who voted for this bill when it passed the Senate the first time, this message must be getting through loud and clear in almost all of the 50 States in America or we would not have had that overwhelming vote.

We are merely saying, if you have the ability to repay your debt and you go into bankruptcy court, you are not going to get off scot-free.

The time has come to get this bill on the President's desk. That is what I hope we do tomorrow afternoon at 3:45.

I yield the floor.

RECESS UNTIL 10 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 10 a.m. tomorrow.

Thereupon, the Senate, at 4:50 p.m., recessed until Thursday, December 7, 2000, at 10 a.m.