

time has regrettably arrived. Our foreign trading partners need dollars desperately because of the devaluation of their own currencies, so they try harder to sell their goods to American consumers. The lower price of these goods drives down the price of domestically produced goods too. American companies cut production, which forces them to also cut employment. As unemployment begins to edge up, consumer confidence and purchasing drops, which causes further drops in price.

So whether we can't sell our products abroad, or too many lower-priced foreign goods are being sold here, the result is the same—a deterioration of our own domestic economy.

I believe the signs all point to an inevitable lowering of interest rates by the Fed. Whether it is done at this next meeting or at some future one, I cannot see another alternative. So while this is a hard vote for me, because of my natural inclination to defer to Mr. Greenspan and the other members of the Federal Open Market Committee, I truly believe it is the right answer not only for our domestic economy but for our global economy as well.●

#### CONSUMER BANKRUPTCY REFORM ACT OF 1998

● Mr. DODD. Mr. President, I voted in favor of the Consumer Bankruptcy Act of 1998, but I did so with some reservations. I commend the efforts of the members of the Judiciary Committee, especially Senators DURBIN and GRASSLEY and Senators HATCH and LEAHY in taking on the challenge of reforming this important and highly complex area of our laws. They have made an important effort to bring about some badly needed reforms and hopefully reduce the number of bankruptcies in our country.

As many of you know, the most recent statistics from the Administrative Office of the U.S. Courts state that more than 1.4 million people filed for bankruptcy during the 12-month period ending June 30, 1998, an all-time high. This represents an 8.5% increase from the same period last year. Statistics also show that there has been a 400 percent increase in personal bankruptcies since 1980. Clearly we need to reform our bankruptcy laws.

This bill will provide enhanced procedural protections for consumers, and enhanced penalties for creditors who fail to obey the requirements of the bankruptcy code. It also will crack down on abusive and repeat Chapter 13 filings, discourage predatory home lending practices, and provide for the appointment of new bankruptcy judges.

Perhaps most importantly, this bill, as opposed to prior versions, provides stronger safeguards for children and families involved in bankruptcy proceedings. Several months ago, I and 30 of my colleagues wrote to the Chairman and Ranking Member of the Committee about the need for this legislation to include stronger safeguards for

the children of people involved in bankruptcy proceedings. In simple terms, we voiced our concern that children should come before creditors, which essentially has been the law for the last 95 years. Under current law, outstanding spouse and child support, in addition to back taxes and educational loans, are debts that cannot be discharged in bankruptcy like other debts. This sound policy is premised on the belief that our laws should minimize the risk of impoverishment of our children and families.

In response to that letter, and my conversation with the Committee Chairman, the Committee Chairman acknowledged the potential adverse consequences the legislation could have upon child support recipients, and he offered an amendment at the full committee mark-up which addressed these problems. The amendment, which passed by a unanimous vote, would raise the legal priority of child support from number 7 to number 1; permit the conditioning of a Chapter 13 confirmation upon the payment of child support payments; allow the conditioning of a Chapter 13 discharge upon the payment of all post-petition child support obligations; and add other provisions that should help children and families collect child support debts.

I offered and had accepted 3 amendments on the Floor that, in my view, further strengthen this bill. The first amendment would: (1) protect income from sources legitimately dedicated to the welfare of children from being dissipated and misdirected to pay debts and expenses unrelated to the care and maintenance of these same children. Child support payments, foster care payments, or disability payments for a dependent child should go to that child and not to a creditor; and (2) ensure that in bankruptcy, children and families are able to keep certain household goods which typically have no resale value. I am speaking about items such as toys, swings sets, video cassette recorders or other items used to help them raise their children.

The second amendment would protect duly established college savings accounts which were set up for the benefit of children from being distributed to creditors. Just because a child's family has gone through a bankruptcy does not mean a child should not be able to go to college.

Lastly, the third amendment, which I co-authored with Senators SARBANES and DURBIN, contains an important new consumer protection regarding credit card debt. Today, many consumers are unaware of the implications of carrying credit card debt and making only the minimum monthly payment on that debt. For instance, assume a consumer has \$3000 in credit card debt. Then assume the interest rate that the consumer is paying on that debt is 17½%, which is roughly the industry average. If the consumer makes only the monthly minimum payment on that debt, it will take 396 months or 33

years to pay it off. And with interest, the consumer will have paid a total of 9,658 dollars. This amendment, which I worked on with Senators SARBANES, DURBIN, GRASSLEY and HATCH will require credit card issuers to inform consumers on their monthly billing statement not only how long it will take them to pay off a debt at the minimum monthly rate, but also how much money they will have paid in interest and principal on that debt.

I thank Senators GRASSLEY and DURBIN and Senators HATCH and LEAHY who have worked with me to assure that these protections for children, families and consumers were included in the bill.

I am disappointed that my amendment regarding the extension of credit to young people under the age of 21 was tabled. This amendment was designed to curtail the most aggressive and abusive credit card marketing to people under the age of 21 by requiring that the credit card issuer obtain an application that either contained the signature of a parent or guardian willing to take financial responsibility for the debt, or information indicating an independent means of repaying any credit extended. Most responsible credit card issuers already obtain this information from their applicants. This amendment would have merely required that the less responsible credit card issuers follow the "best practices" already in place for much of the industry.

I am, at the same time, concerned that this legislation will force more debtors into Chapter 13 bankruptcy while eliminating several of the provisions that enabled debtors to meet the terms of their Chapter 13 payment plan considering the fact that two-thirds of the repayment plans under current law are not completed, this calls into question whether Chapter 13 really results in the repayment of debts, as advertised.

Moreover, I'm concerned, notwithstanding strong objections by the National Partnership for Women and Families, more than 20 women's groups, the Leadership Conference on Civil Rights and a variety of other organizations, that new provisions regarding the non-dischargeability of certain types of unsecured debt remain in the bill. These groups expressed their concern that these provisions will impede the ability of debtors to pay both for their post-bankruptcy expenses and to care for their dependents. I hope the Conference looks into these issues more carefully so that we can truly accomplish balanced and effective bankruptcy reform.●

#### THE COMPREHENSIVE TEST-BAN TREATY: TWO YEARS AND COUNTING

● Mr. BIDEN. Mr. President, today is the second anniversary of the signing of the Comprehensive Nuclear Test-Ban Treaty. It is also nearly a year since