

REMARKS OF SENATOR BOB DOLE
CONSUMER BANKRUPTCY SEMINAR - PUBLIC POLICY CHOICES
NATIONAL RETAIL MERCHANTS ASSOCIATION AND
NATIONAL CONSUMER FINANCE ASSOCIATION
L'ENFANT PLAZA HOTEL
WASHINGTON, D.C.
THURSDAY, FEBRUARY 5, 1981

THANK YOU VERY MUCH, MR. EVANS. (ANY APPROPRIATE INTRO-
DUCTORY RECOGNITIONS)

I AM HAPPY TO BE THE KEYNOTE SPEAKER FOR THIS CONSUMER
BANKRUPTCY SEMINAR ON PUBLIC POLICY CHOICES, SPONSORED JOINTLY
BY THE NATIONAL RETAIL MERCHANTS ASSOCIATION AND THE NATIONAL
CONSUMERS FINANCE ASSOCIATION. ANY DISCUSSION OF ISSUES INVOLV-
ING CONSUMER BANKRUPTCY INEVITABLY FORCES FOCUS ON PROBLEMS CON-
CERNING LAW AND THE ECONOMY. I, BY VIRTUE OF MY POSITION IN
THE NEW SENATE AS CHAIRMAN OF THE FINANCE COMMITTEE AND CHAIRMAN
OF THE JUDICIARY COMMITTEE'S SUBCOMMITTEE ON COURTS, WILL HAVE
THE AUTHORITY TO ADDRESS THESE TWO GENERAL AREAS. I WELCOME THE
OPPORTUNITY TO DO SO TODAY IN SUCH AN APPROPRIATE FORUM.

SIGNIFICANCE OF 1980 ELECTION

ON NOVEMBER 4, 1980, THE AMERICAN PEOPLE, OUT OF DEEP-SEATED FRUSTRATIONS AND EXASPERATION MOSTLY IN REACTION TO THE PERCEIVED ECONOMIC CONDITION OF THIS COUNTRY, ELECTED A PRESIDENT WHO PROMISED A NEW BEGINNING. MORE SIGNIFICANT PERHAPS, IN TERMS OF THE ELECTION RESULTS, WERE THE GAINS MADE BY THE REPUBLICANS IN THE SENATE -- A NET INCREASE OF 12 SEATS, ALMOST 30% GREATER THAN THE LAST CONGRESS, AND MORE IMPORTANT, CONTROL OF THE SENATE FOR THE FIRST TIME IN 26 YEARS. WHILE IT IS DIFFICULT TO ASSESS SPECIFICALLY THE MANDATE OF THE ELECTION, TO ME IT SUGGESTS THAT THE MAJORITY OF AMERICANS EXPECT THEIR NEWLY-ELECTED REPRESENTATIVES AND THE NEWLY-EMPOWERED PARTY TO GIVE LIFE TO THEIR EXPRESSION OF POPULAR WILL, TO APPEAL TO THE BEST IN THEIR NATION, AND TO WRITE RESPONSIBLY INTO LAW A NEW FREEDOM AND A REITERATION OF INCENTIVE AS THE KEY TO ECONOMIC PROSPERITY AND SOCIAL JUSTICE FOR ALL. YES, NOVEMBER 4, 1980, COULD AND SHOULD SYMBOLIZE THE MOST SIGNIFICANT POLITICAL CHANGE IN OUR GOVERNMENT IN FORTY YEARS -- A NEW BEGINNING IN TERMS OF PERSONAL ACCOUNTABILITY AND

RESPONSIBILITY ENCOMPASSING GOVERNMENT, BUSINESS, AND THE
INDIVIDUAL CITIZEN ALIKE.

THERE IS ANOTHER "NEW BEGINNING" WITH WHICH YOU ARE ALL
MORE FAMILIAR. THAT IS THE "NEW BEGINNING" PHILOSOPHY UNDER-
PINNING MOST OF OUR FEDERAL BANKRUPTCY LAWS WHICH SUPPOSEDLY
ALLOWS THOSE HONEST INDIVIDUALS AND BUSINESSES UNINTENTIONALLY
IN EXTREME FINANCIAL DIFFICULTY TO DISCHARGE THEIR DEBTS AND
START AGAIN WITH A CLEAN SLATE.

BANKRUPTCY TRENDS

HOWEVER, RECENT TRENDS WITH WHICH YOU ARE ALL TOO AC-
QUAINTED SUGGEST THAT THE IMPLEMENTATION OF THIS PHILOSOPHY MAY
HAVE BEEN CARRIED TO AN EXTREME. ACCORDING TO FIGURES FROM THE
ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS FOR THE TWELVE-
MONTH PERIOD ENDING JUNE, 1980, THE TOTAL NUMBER OF ESTATES FILED
IN BANKRUPTCY WAS 361,000, UP 60% OVER THE PRECEDING TWELVE-MONTH
PERIOD, AND OVER 100,000 MORE THAN THE PREVIOUS HIGH BACK IN 1975.
AS REGISTERED BY JUDICIAL CIRCUITS, EXCLUDING THE DISTRICT OF

COLUMBIA, THE FIFTH CIRCUIT SHOWED THE SLOWEST GROWTH AT 42%, WHILE THE SIXTH CIRCUIT HAD THE HIGHEST AT 77%. INTERESTINGLY ENOUGH, DURING THIS SAME TWELVE-MONTH PERIOD, WHILE BOTH BUSINESS AND NON-BUSINESS BANKRUPTCIES HAVE GAINED AT APPROXIMATELY THE SAME 60% RATE, FILINGS ACCORDING TO SPECIFIC CHAPTER HAVE NOT. STRAIGHT BANKRUPTCIES UNDER CHAPTER SEVEN WENT UP 50%, WHILE CHAPTER ELEVEN FILINGS SURGED UPWARD 87% AND CHAPTER THIRTEEN FILINGS ROSE AN ASTOUNDING 100%.

REASONS FOR TRENDS

WHAT DO ALL THESE FIGURES SUGGEST?

FIRST, THERE ARE MANY CAUSES WHICH CONTRIBUTE TO THE RISE IN THE NUMBER OF BANKRUPTCIES. CERTAINLY THE ECONOMY IS A SIGNIFICANT FACTOR. WITH INFLATION OVER THE PAST THREE YEARS RUNNING ABOVE TEN PER CENT, UNEMPLOYMENT AT SEVEN PER CENT, AND INTEREST RATES BETWEEN TWELVE AND TWENTY PER CENT, AMERICANS HAVE BEEN FACED WITH SUSTAINED FINANCIAL PERILS TO A DEGREE UNKNOWN EVEN IN 1975, THE PERIOD HAVING THE PREVIOUS HIGH FOR BANKRUPTCIES. THUS,

IT IS LOGICAL FOR THE SIXTH CIRCUIT, WHICH INCLUDES MICHIGAN AND OHIO, THE LOCATION OF THE FINANCIALLY TROUBLED AUTOMOTIVE AND RELATED INDUSTRIES, TO HAVE INCURRED THE GREATEST SPURT OF BANKRUPTCIES, AND FOR THE FIFTH CIRCUIT, WHICH INCLUDES TEXAS, FLORIDA, AND OTHER RELATIVE BOOM AREAS OF THE SOUTHEAST, TO PRODUCE THE LOWEST GROWTH. ANOTHER FACTOR IN THE RECENT RISE OF BANKRUPTCIES IS, AS YOU WELL KNOW, DIRECTLY RELATED TO CHANGES IN THE FEDERAL BANKRUPTCY LAWS AS BROUGHT ABOUT BY THE BANKRUPTCY REFORM ACT OF 1978, WHICH TOOK EFFECT OCTOBER 1, 1979. AFTER ONE YEAR OF THE NEW CODE IN FORCE, BANKRUPTCIES HAVE SOARED TO AN ESTIMATED 475,000 ACCORDING TO THE ADMINISTRATIVE OFFICE OF THE COURTS. IT IS DUE TO THE NEW BROADER PROVISIONS OF THE BANKRUPTCY CODE THAT CHAPTER THIRTEEN HAS BECOME INCREASINGLY MORE POPULAR THAN THE OTHER CHAPTERS AS THE STATUTORY VEHICLE FOR DEBTORS' RELIEF. A MORE SUBTLE FACTOR WHICH HAS ENCOURAGED BANKRUPTCY FILINGS IS MORE AGGRESSIVE ADVERTISING BY ATTORNEYS, NOW LEGAL AS A RESULT OF A RECENT U.S. SUPREME COURT DECISION. WHETHER IT IS DIALING A CERTAIN TELEPHONE NUMBER IN NEW YORK FOR A RECORDED MESSAGE, OR

PURCHASING A BANKRUPTCY KIT IN SAN FRANCISCO FOR \$85, IT IS NOW VERY EASY TO UNDERTAKE FILING FOR BANKRUPTCY WITH MINIMAL LEGAL HELP AND EXPENSE.

SECOND, THE CAUSES I HAVE JUST DISCUSSED HAVE HELPED TO FOSTER AN ATTITUDE AMONG OVERLY SELF-INDULGENT MIDDLE-CLASS AMERICANS THAT BANKRUPTCY IS NO LONGER THE SOCIAL AND PERSONAL EMBARRASSMENT IT ONCE WAS, BUT RATHER A COMPLETELY LEGAL AND VERY CONVENIENT WAY OF BEING FREE OF DEBT (AT LEAST FOR THE TIME BEING) WITHOUT BEING DESTITUTE. THIS PERVADING ATTITUDE IN TURN ENCOURAGES MORE BANKRUPTCY FILINGS. THE POINT WAS WELL-CAPTURED IN A NEW YORKER MAGAZINE CARTOON, PUBLISHED SOME YEARS AGO. THE CARTOON DEPICTED A HUSBAND AND WIFE SITTING IN THEIR LIVING ROOM -- THE WIFE CASUALLY GLANCING UP FROM HER NEWSPAPER TO HEAR THE HUSBAND, HAVING FIRST PERUSED A DESK PILED HIGH WITH BILLS, GLADLY PROCLAIM, "WELL, OUR FINANCIAL WORRIES ARE OVER. WE'RE BANKRUPT."

AND THIRD, THE FIGURES I HAVE CITED CANNOT ACCURATELY AP-PORTION THE INCREASE OF BANKRUPTCIES AMONG THE VARIOUS FACTORS I HAVE MENTIONED. PARTICULARLY WITH REGARD TO THE EFFECT OF THE

1978 BANKRUPTCY ACT, THE STATISTICS AVAILABLE IN SOME CASES DO NOT EVEN COVER A YEAR. IT IS OFTEN HARD TO DISCERN MEANINGFUL GENERALITIES ABOUT THE EFFECTIVENESS OF A NEW CODE BEING APPLIED NATIONWIDE AND IN FORCE NOW FOR LESS THAN EIGHTEEN MONTHS. HOWEVER, WITH THAT CAVEAT IN MIND, THE NEW CODE HAS PRODUCED BOTH POSITIVE AND NEGATIVE RESULTS, WHICH EVEN AT THIS RELATIVELY EARLY STAGE OF OPERATION, ARE VERY APPARENT IN SOME OF THE \$10 BILLION WORTH OF CLAIMS PRESENTLY BEFORE THE BANKRUPTCY COURTS.

1978 CHANGES IN THE BANKRUPTCY STATUTES

WHAT ARE THE PROVISIONS IN THE BANKRUPTCY CODE WHICH SEEM TO HAVE SUBSTANTIALLY AFFECTED THE RIGHTS OF AND BALANCES BETWEEN CREDITORS AND DEBTORS?

IN ANSWERING THIS QUESTION, LET ME FIRST SAY THAT WHEN THE 1978 BILL WAS BEING DRAFTED, I WAS NOT A MEMBER OF THE JUDICIARY COMMITTEE AND THEREFORE WAS NOT A PARTICIPANT IN THE INTENSE NEGOTIATION AND REVISION SESSIONS WHICH TOOK PLACE. THEREFORE, I DO NOT HAVE A SPECIAL SENSE OF WHAT EACH NEW PROVISION WAS

INTENDED TO DO. HOWEVER, IT SEEMS THAT SOME MAJOR CHANGES IN THE 1978 ACT HAVE SPECIFICALLY BENEFITED THE CREDITOR WHILE OTHERS HAVE SOLELY BENEFITED THE DEBTOR.

FOR INSTANCE, IN VERY GENERAL TERMS, CREDITORS, COURTESY OF THE NEW ACT, APPEAR TO HAVE AN EASIER TIME FILING FOR INVOLUNTARY BANKRUPTCY, AND CERTAIN UNSECURED CREDITORS FACE A LESS DEMANDING PREFERENCE TEST AS FAR AS RETURNING PAYMENTS PRIOR TO DECLARATION OF BANKRUPTCY TO THE TRUSTEE. ON THE OTHER HAND, DEBTORS HAVE DEFINITELY PROFITED BY THE EXPANDED PERSONAL EXEMPTIONS AND BROADENED COVERAGE OF INDIVIDUALS UNDER CHAPTER THIRTEEN, AND BY THE INCREASED DIFFICULTIES TO THE CREDITOR IN REAFFIRMATION OF DEBTS AND PREVENTION OF INVASION OF A SECURITY INTEREST.

HOW TO APPROACH CONGRESS

THIS RAISES PERHAPS THE KEY POINT THIS MORNING -- HOW YOU AND YOUR ORGANIZATIONS CAN BEST APPROACH BOTH HOUSES OF CONGRESS TO INSURE THE MOST DESIRED RESULTS AS FAR AS DEVELOPING CORRECTIVE LEGISLATION CONCERNING THE BANKRUPTCY CODE.

FIRST, BY WAY OF GENERAL HISTORICAL BACKGROUND, LET ME JUST SAY THAT TRADITIONALLY MOST FEDERAL BANKRUPTCY STATUTORY CHANGES HAVE BEEN SUBJECTED TO INTENSE SCRUTINY, AND OFTEN STRONG CRITICISM, SOON AFTER PASSAGE. FOR INSTANCE, THE BANKRUPTCY ACT OF 1800, WHICH BY ITS PROVISIONS WAS TO LAST FIVE YEARS, IN FACT LASTED ONLY THREE. THE SECOND FEDERAL BANKRUPTCY ACT, PASSED IN 1841, WAS REPEALED AFTER LITTLE MORE THAN A YEAR. THE BANKRUPTCY ACT OF 1867, CONGRESS' NEXT LEGISLATIVE ENDEAVOR, FAIRED SLIGHTLY BETTER -- IT WAS SUBSTANTIALLY AMENDED IN 1874, AND THEN REPEALED ALTOGETHER FOUR YEARS LATER. THEREFORE, CONGRESS DOES HAVE A HISTORY OF RE-EVALUATING RECENT LEGISLATIVE FORAYS IN THE BANKRUPTCY FIELD, AND YOU SHOULD BE SOMEWHAT ENCOURAGED BY THAT.

BANKRUPTCY BILL FATE IN 96TH CONGRESS

MORE SPECIFICALLY, AND MORE RELEVANT FROM YOUR PERSPECTIVE, IS A DESCRIPTION OF THE LEGISLATIVE RESPONSE LAST YEAR, BOTH ON A STATE AND NATIONAL LEVEL, TO THE 1978 ACT. ON THE STATE LEVEL, REACTION TO THE EXPANDED PERSONAL EXEMPTIONS UNDER CHAPTER THIRTEEN, HAS BEEN SIGNIFICANTLY MANIFESTED BY SOME FIFTEEN STATES ALREADY

ENACTING THEIR OWN EXEMPTION LIMITS, MOSTLY MORE STRINGENT THAN THE FEDERAL PROVISIONS, WHICH THEY ARE PERMITTED TO DO UNDER THE 1978 ACT. ON A NATIONAL LEVEL, LAST YEAR'S RESPONSE FOCUSED ON ATTEMPTED PASSAGE AND SUBSEQUENT FAILURE TO ENACT S. 658, TECHNICAL AMENDMENTS TO THE BANKRUPTCY REFORM ACT OF 1978.

IN JANUARY OF 1979, AT THE START OF THE 96TH CONGRESS, I JOINED THE JUDICIARY COMMITTEE AND BECAME RANKING MINORITY MEMBER ON THE SUBCOMMITTEE ON IMPROVEMENTS IN JUDICIAL MACHINERY, CHAIRED BY MY GOOD COLLEAGUE, SENATOR DENNIS DeCONCINI FROM ARIZONA. AFTER THE BANKRUPTCY REFORM ACT WAS PASSED ON NOVEMBER 6, 1978, JUDGES, SCHOLARS, AND BANKRUPTCY PRACTITIONERS BEGAN REVIEWING ITS PROVISIONS AND SUGGESTED TO THE SENATE JUDICIARY COMMITTEE NUMEROUS PERFECTING TECHNICAL AMENDMENTS AND MINOR SUBSTANTIVE CHANGES. IN AN EFFORT TO ACCOMMODATE THESE INTERESTS AS MUCH AS POSSIBLE WITHOUT NECESSITATING THE OFTEN LEGISLATIVE DRAG OF HEARINGS, S. 658 WAS INTRODUCED AND PASSED THE SENATE ON SEPTEMBER 7, 1979. A LITTLE OVER A YEAR LATER, THE HOUSE PASSED ITS VERSION, H.R. 5447. A COMPROMISE BETWEEN THE TWO MEASURES HAD TO BE REACHED IN ORDER FOR

FINAL PASSAGE BY BOTH HOUSES.

OVER A TWO-MONTH PERIOD LAST FALL, THE RESPECTIVE WOULD-BE SENATE AND HOUSE CONFEREES AND THEIR STAFFS VIGOROUSLY AND THOROUGHLY ATTEMPTED TO WORK OUT DIFFERENCES BEFORE CONGRESS ADJOURNED SINE DIE. MY STAFF, AS WELL AS THE STAFFS OF SENATORS DeCONCINI AND THURMOND, ALSO A MEMBER OF THE IMPROVEMENTS SUBCOMMITTEE, WERE PARTICULARLY ACTIVE ON THE SENATE SIDE, WHILE THE STAFF OF CONGRESSMAN DON EDWARDS, DEMOCRAT FROM CALIFORNIA AND MAJOR PROPONENT OF H.R. 5447, REPRESENTED THE HOUSE VERSION.

YOU WOULD HAVE THOUGHT THAT A RELATIVELY UNCONTROVERSIAL MEASURE, CONCERNING A HIGHLY TECHNICAL AREA, WOULD NOT HAVE REQUIRED WEEKS OF NEGOTIATIONS TO PRODUCE AN ACCEPTABLE COMPROMISE -- PARTICULARLY, IN LIGHT OF THE FACT THAT MUCH OF THE CONFERRING TOOK PLACE JUST PRIOR TO NOVEMBER 4TH, WHEN SOME OF US WERE EITHER ACTIVELY CAMPAIGNING FOR VARIOUS PRESIDENTIAL CANDIDATES OR FACING OUR OWN RE-ELECTION CONTESTS. HOWEVER, THERE WAS ONE STICKING POINT, AS MOST OF YOU KNOW, WHICH WAS UNRESOLVABLE AND THAT WAS OVER THE EXTENT OF INCREASE IN THE BANKRUPTCY JUDGES' RETIREMENT

PENSION FUND. H.R. 5447, AT THE INSISTENCE OF CONGRESSMAN EDWARDS, CONTAINED A SUBSTANTIAL INCREASE IN FUNDING WHICH SENATOR THURMOND THOUGHT WAS TOO GENEROUS AND THUS S. 658 DID NOT HAVE SUCH A PROVISION. THE NEGOTIATIONS HELD COULD NOT BREAK THE IMPASSE.

PRESENTING BANKRUPTCY LEGISLATION IN NEW CONGRESS

I HAVE SKETCHED WHAT TRANSPIRED LAST CONGRESS ON THE TECHNICAL AMENDMENTS PROPOSAL IN SUCH GREAT DETAIL SO THAT YOU MAY SENSE WHAT TO ANTICIPATE WITH THE 97TH CONGRESS. THE BANKRUPTCY JUDGES' RETIREMENT FUND ISSUE HAS NOT GONE AWAY. IN FACT, I BELIEVE THIS ISSUE MUST PROBABLY BE RESOLVED BETWEEN THE HOUSE AND SENATE, BEFORE ANY BANKRUPTCY LEGISLATION, EITHER TECHNICAL AMENDMENTS OR SUBSTANTIVE CHANGES TO THE CODE, WILL PASS BOTH HOUSES. FURTHERMORE, THOSE WHO PLAYED ACTIVE ROLES LAST CONGRESS CONCERNING BANKRUPTCY LEGISLATION WILL PRETTY MUCH CONTINUE TO DO SO THIS TERM.

NOW THAT YOU KNOW TO SOME EXTENT WHAT TO EXPECT ON CAPITOL HILL, HOW BEST TO PROCEED?

MY FIRST SUGGESTION IS THAT YOU HAVE ASCERTAINED AS CLEARLY AS POSSIBLE, BOTH FOR YOUR OWN BENEFIT AND FOR THE BENEFIT OF

THOSE LEGISLATORS YOU SEEK TO CONTACT, HOW THE PROBLEM YOU HOPE TO CORRECT BY NEW LEGISLATION WAS INITIALLY CREATED BY THE 1978 ACT. BANKRUPTCY LAW IS A COMPLICATED FIELD, WITH RELATIVELY LITTLE POLITICAL HEADLINES FOR THE AVERAGE LEGISLATOR TRYING TO WIN POINTS WITH HIS OR HER CONSTITUENCY. AS I HAVE ALREADY MENTIONED, THE RAPID RISE IN BANKRUPTCY FILINGS AND SUBSEQUENT DIFFICULTIES OF CREDITORS COLLECTING DEBTS IS DUE TO MANY CAUSES, ONLY ONE OF WHICH INVOLVED STATUTORY CHANGES INSTITUTED BY THE 1978 ACT. UNLESS THAT MEMBER OF CONGRESS IS MADE TO SEE THAT YOUR PROPOSAL SOLVES A PROBLEM THAT IS DIRECTLY AND SIGNIFICANTLY CAUSED BY A CERTAIN EXISTING PROVISION IN THE CODE, HE OR SHE WILL PROBABLY NOT BE A STRONG AND STEADFAST ADVOCATE OF YOUR POSITION.

A SECOND SUGGESTION CONCERNING RECOMMENDATIONS FOR BANKRUPTCY LEGISLATION IS THAT WHENEVER POSSIBLE YOU AND YOUR ORGANIZATIONS SPEAK WITH ONE, UNIFIED VOICE ON A GIVEN ISSUE. THERE IS NOTHING THAT WILL RUIN THE CHANCES OF PASSAGE MORE FROM YOUR PERSPECTIVE THAN TO HAVE WELL-QUALIFIED SPOKESMEN IN AN INDUSTRY EXPRESS DIFFERING VIEWS TO A MEMBER OF CONGRESS ON A PIECE OF

LEGISLATION. AS MEMBERS GENERALLY ONLY WILL PROMOTE LEGISLATION WHICH WILL BENEFIT AT LEAST A MAJORITY OF THEIR CONSTITUENTS, THEY TEND NOT TO RESPOND FAVORABLY WHEN THE INTEREST GROUPS SUPPOSEDLY TO BENEFIT FROM SUCH LEGISLATION CANNOT AGREE ON THE WISDOM OF SUCH MEASURES IN THE FIRST PLACE. THEREFORE, DIVISION AMONG YOU ON A LEGISLATIVE INITIATIVE TENDS TO BREED INACTION BY US IN CONGRESS. I RECOGNIZE THAT A MAJOR PURPOSE OF THIS CONFERENCE AND THE COORDINATION OF THE TWO ASSOCIATIONS IS TO BRING ABOUT, AS MUCH AS POSSIBLE, A UNIFIED POSITION ON BANKRUPTCY ISSUES AND RECOMMENDED LEGISLATIVE PROPOSALS. TO THAT EXTENT SHOWN, I APPLAUD YOU FOR ALREADY FOLLOWING ONE OF MY SUGGESTIONS BEFORE HAVING HEARD IT.

I ALSO COMPLIMENT YOU FOR YOUR EARLY CONTACT WITH CAPITOL HILL IN THE NEW CONGRESS. I AND MY STAFF PERSONALLY APPRECIATE RECEIVING A DRAFT OF YOUR PROPOSALS AS DISCUSSED BY YOUR LEGISLATIVE COMMITTEES LAST WEEK. I ONLY CAUTION YOU TO REALIZE THAT IN THE SENATE AFTER TWENTY-SIX YEARS, THE SUDDEN TRANSITION FROM MINORITY PARTY TO MAJORITY PARTY AND VICE-VERSA, MAY AT FIRST BE

A LITTLE SLOW AND CUMBERSOME. SOME REPUBLICANS STILL HAVE NOT GRASPED PSYCHOLOGICALLY AND PHILOSOPHICALLY WHAT IT MEANS TO BE THE MAJORITY. MORE TO MY CONCERN IS THAT SOME DEMOCRATS STILL HAVE NOT ACCEPTED POLITICALLY AND PRAGMATICALLY WHAT IT MEANS TO BE THE MINORITY.

ONCE YOU HAVE WORKED OUT DEFINITIVE MEASURES WHICH HAVE UNIVERSAL BACKING FROM YOUR ORGANIZATIONS, YOU MUST CONSIDER HOW BEST TO APPROACH BOTH HOUSES OF CONGRESS IN ORDER TO OBTAIN ENACTMENT. FOR INSTANCE, IN LIGHT OF THE RETIREMENT FUND ISSUE AND GIVEN THE SENATE'S RELATIVELY QUICK ACTION VERSUS THE HOUSE'S SLOW RESPONSE LAST CONGRESS, WOULD IT BE BETTER LEGISLATIVE STRATEGY IN THIS CONGRESS TO START FIRST WITH THE HOUSE? SHOULD TECHNICAL AMENDMENTS AND SUBSTANTIVE CHANGES BE COMBINED IN ONE COMPREHENSIVE PROPOSAL, OR SHOULD THEY BE ADDRESSED IN SEPARATE BILLS? SHOULD HEARINGS BE HELD ON EITHER OR BOTH ISSUES IN EITHER OR BOTH HOUSES? THESE ARE JUST SOME OF THE QUESTIONS WHICH NEED TO BE CAREFULLY CONSIDERED TO INSURE THE MOST POSITIVE RESPONSE TO YOUR PROPOSALS BY CONGRESS.

IN CONCLUSION, I AND MY STAFF LOOK FORWARD TO WORKING CLOSELY WITH YOU AND YOUR ORGANIZATIONS. WE ON THE SENATE SIDE WILL GIVE CAREFUL ATTENTION TO YOUR SUGGESTIONS FOR AND COMMENTS ON ANY BANKRUPTCY LEGISLATIVE MEASURES WHICH COME BEFORE THE 97TH CONGRESS. I ASSUME THOSE IN THE HOUSE WITH SIMILAR AUTHORITY WILL GIVE YOU SIMILAR TREATMENT. LET US HOPE THAT ANY BANKRUPTCY LEGISLATION WHICH IS PASSED WILL FURTHER THE CAUSE OF THE EQUATION OF SOCIAL JUSTICE WITH PERSONAL RESPONSIBILITY AND ACCOUNTABILITY. LET US HOPE THAT SUCH NEW STATUTES WILL INSURE PROPER COMMERCIAL AND FINANCIAL PRACTICES, SO THAT WITH THE SLOGAN OF OUR NEW ADMINISTRATION IN MIND, BOTH CREDITOR AND DEBTOR, TO THE GREATEST EXTENT FEASIBLE, WILL BE ABLE TO OBTAIN A WHOLLY-WARRANTED AND WELL-DESERVED "NEW BEGINNING."

THANK YOU AGAIN FOR THE OPPORTUNITY TO BE YOUR KEYNOTE SPEAKER.