



GERALD R. FORD

May 25, 1981

Dear Bob:

For the past several years I have been watching with growing concern the spiraling increase in bankruptcies, particularly consumer bankruptcies which have skyrocketed well over 50 per cent since the liberalization of the bankruptcy statute by the Bankruptcy Reform Act of 1978. Many economic forces in recent years such as high unemployment, persistently high inflation and a recession have contributed to the increasing number of bankruptcies but the accelerated upward trend in bankruptcy filings is far in excess of what one would expect on the basis of historical experience. I come to only one conclusion -- the latest changes in the bankruptcy statute went too far.

I sincerely hope the Congress will reexamine the bankruptcy statutes with the aim to re-establish a better balance between the interest of credit borrowers and the financial institutions and retail merchants who lend to them. If the current trend in bankruptcy filings continues I am deeply worried that lenders will greatly restrict consumer loans which would have a very adverse affect on the nation's economic recovery.

I would be very interested in your appraisal of the legislative prospects in this critical area. There is a dire need for action and I hope you can be helpful.

Warmest best wishes,

The Honorable Robert Dole
United States Senate
Washington, D.C. 20510