

talking about abusive use of credit. Are those who still contend we have not gone far enough really suggesting that individuals who engage in fraud and other abusive credit practices should be allowed to have those debts erased or otherwise sanctioned by the bankruptcy code? I hope not.

When people run up debts they have no intention of paying—when people are allowed to walk away from fraud and other harm caused to others—they shift a greater financial burden onto honest, hard-working families in America, including those that depend on child support to make ends meet. As I indicated at the beginning of my remarks, estimates are that bankruptcy costs every American family an extra \$400 a year. Bankruptcy reform can reduce that burden.

Former Senator Lloyd Bentsen, who served as President Clinton's original Treasury Secretary, wrote an excellent column about abuse of the bankruptcy code, and ask it be printed in the RECORD at the conclusion of my remarks.

Madam President, failure to pass bankruptcy reform this year would be unfair to the millions of Americans who play by the rules, work hard every day, and struggle to pay their bills.

This bill does not go as far as I would like, but in the interest of moving it to final passage in the relatively short amount of time before adjournment, I will support the bill in its current form. I hope my colleagues will join me in voting in favor of the legislation.

I ask unanimous consent that the article by former Senator Bentsen be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GET TOUGH ON BANKRUPTCY LAWS  
(By Lloyd Bentsen)

One of the most troubling financial contradictions of this decade of solid economic expansion is that while inflation has been low, unemployment down and personal income up, personal bankruptcies have been skyrocketing. Real per capita disposable income grew by 13 percent from 1986 to 1996, while personal bankruptcies more than doubled, hitting a record high of 1.2 million last year. This divergence between a healthy economy and rapidly rising bankruptcy filings is due to a relatively new phenomenon—the “bankruptcy of convenience.”

This dramatic increase in personal bankruptcies has come with no corresponding growth in the traditional factors that correlate with bankruptcy—divorce, catastrophic health crises and job loss: The increase is driven largely by a federal bankruptcy system that discourages personal responsibility by encouraging people who can afford to pay down their debts to simply walk away from them through bankruptcy.

With growing frequency, bankruptcy is being treated as a first choice rather than a last resort, a matter of convenience rather than necessity. According to a Purdue University study, nearly half of the people who file for bankruptcy could repay a significant amount of their outstanding obligations, but instead choose to renege. Bankruptcies of convenience now constitute a significant and rising percentage of personal bankruptcy fil-

ings, and the cost to consumers from this trend is enormous.

When irresponsible spenders who can afford to pay all or part of their debt declare bankruptcy, consumers and other borrowers get stuck with the tab. It has been conservatively estimated that personal bankruptcies amount to a hidden tax of \$408 per household personally, and it takes 15 responsible borrowers to cover the cost of one bankruptcy of convenience.

The ease with which a bankruptcy can currently be obtained irrespective of need is captured in a recent advertisement: “Financial problems? Get instant relief. You may be able to keep everything—Payback nothing!” The brazenness of this advertisement is indicative of how far bankruptcy laws have traveled from their original intent.

My former colleague Sen. Daniel Patrick Moynihan, Democrat of New York, coined an apt phrase for describing this and other similar lapses in societal responsibility. He called it “defining deviancy down.” To a growing number of middle class and fairly wealthy Americans, it is perfectly acceptable to treat bankruptcy as a financial planning tool, and to expect others to pay the price for debts that they choose not to honor—even if these obligations can reasonably be repaid over time. While, there is nothing wrong in legitimately admitting financial defeat by filing bankruptcy when one cannot repay debts, many people seem to be losing the justifiable sense of embarrassment Americans once felt in asking others to shoulder their burden.

Congress and the administration should act to stem the expensive and corrosive spread of bankruptcy abuse, while taking care to protect the ability of people with legitimate financial problems to enter into bankruptcy. The first step toward reversing this trend is a bill that Reps. Bill McCollum, Florida Republican, and Rick Boucher, Virginia Democrat, introduced Wednesday that would shield consumers and responsible borrowers from the costs forced on them by bankruptcy abusers in the form of higher costs or tighter credit.

The aim of the McCollum-Boucher bill is simple. It would reestablish the link between bankruptcy and the ability to pay one's debts. This is simply a matter of equity and responsibility, and this bipartisan bill should enjoy broad support. Over the course of the past two decades, the connection between financial means and bankruptcy has been severed by federal legislation, and by a change in social mores removing the stigma from filing bankruptcy. In 1978, Congress loosened bankruptcy standards to such an extent that one's financial condition is hardly a consideration anymore. At the same time, our society “defined down” the personal responsibility of borrowers to make good on their debts.

Now, it is the responsibility of the Congress to act to rectify this problem, it inadvertently helped to create two decades ago. In the Senate and as secretary of the Treasury, I worked with legislators from both parties to pass legislation that promotes habits that lead to financial self-sufficiency. Failure to legislatively stem the rising tide of bankruptcies of convenience, however, could endanger the progress made through these incentives for saving and investment. In addition to raising questions of fairness, imprudent use of bankruptcy laws could also produce an undesirable market response.

Both Democratic and Republican members of Congress, and the administration, have a duty to safeguard our growing economy. As an article in the August 4 issue of *Fortune* magazine noted: “Eventually, a rising bankruptcy rate leads to tighter credit. Today's default rate is beginning to eat into some na-

tional lenders' profits, and some of them are already starting to pull back....Some restraint may be beneficial, but too much could mean a major credit squeeze.” Our current level of economic growth cannot continue without sufficient investment and available credit. A rising tide of bankruptcies will sink all ships—and most hurt those who need credit most.

I am optimistic that Congress will address this burgeoning problem and firmly believe that the public supports change. Public opinion is running strongly in favor of tighter bankruptcy laws. Seventy-six percent of respondents to a poll conducted for the National Consumers League said that individuals should not be allowed to erase all their debts in bankruptcy if they are able to repay a portion of what they owe, and 71 percent said it is too easy to declare personal bankruptcy.

In the United States, we believe that through hard work anyone can become a success. America's bankruptcy laws reflect a fundamental element of our nation's entrepreneurial spirit. Their intent is to ensure a fresh start for those who try and fail, and they form an important thread in our social safety net. But when some people systematically abuse a system at great expense to the rest of the population, twisting the fresh start into a free ride, Congress must step in and tighten up the law to protect those who unfairly bear the cost. When it comes to bankruptcies of convenience, that time has come.

Mr. GRASSLEY. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BIDEN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. BIDEN. Madam President, I ask unanimous consent—I have the impression that this is all right with the majority and minority—that I be able to proceed as in morning business to speak on the situation in Russia for up to 30 minutes, or shorter if anyone comes to the floor and wishes to resume the business of the Senate?

The PRESIDING OFFICER. Hearing no objection, it is so ordered.

#### CRISIS IN RUSSIA

Mr. BIDEN. Madam President, I rise today to discuss the political and economic crisis in Russia, which poses, to state the obvious, a grave threat to the security of the United States and the entire international order. The situation in Moscow is rapidly changing, so by the time I finish these statements today, Lord only knows, something may have happened in the meantime. Things are that fluid.

Although the situation is rapidly changing, in the wake of last week's summit, five basic trends seem to be clear. First, the Yeltsin era is about to end. Second, because of structural problems in Russia's political and economic system, there is no short-term fix to Russia's economic crisis. Third, an even greater danger than an economic meltdown is the total collapse of

the Russian political system, which would have catastrophic ramifications for the international security system. Fourth, in order to forestall such a collapse, the Yeltsin administration—or perhaps even a transition regime—will almost certainly take some immediate economic measures that will, at least temporarily, set back Russia's progress toward a free market economy. And, fifth, there is very little that the United States can do to affect this grim situation. It is fundamentally a Russian problem with deep cultural roots.

Madam President, President Clinton, in my view, was correct in going through with last week's Moscow summit. If he had canceled or postponed the meeting, I think it would have sent signals to the world that the United States had written off the reform effort in Russia which, despite the very serious recent setbacks, has nonetheless achieved a great deal over the past 6½ years. I might note, parenthetically, that it may have achieved enough to prevent a total reversion to despotism in Russia. But that remains to be seen.

Moreover, for all its built-in problems, the summit did produce a few modest agreements. Most important among them, as mentioned by others, was the agreement whereby the United States and Russia will each convert approximately 50 tons of plutonium withdrawn in stages from nuclear military programs into forms unusable for nuclear weapons.

The plutonium management and disposition effort will require several billion dollars, but I can think of no joint effort between our two countries that is more worthy of support.

As you know, Madam President, because you are well schooled in international relations and have spent a career in the House and the Senate dealing with these issues, the reason that an economy only the size of Holland is having such a profound impact on the rest of the world is because of the military danger that its collapse would cause. If the Russian economy collapses and causes societal and political instability, there are 15,000 nuclear weapons there that could fall into the hands of unreliable and perhaps unstable leaders in a fractured country. So the effort to deal with, for example, taking 50 tons of nuclear-grade material and rendering it incapable of being used in a military context seems to me to be well worth the buy, well worth the effort along the lines of the Nunn-Lugar bill in the destruction of nuclear capacity.

Despite this and a few other achievements, though, the summit could not, I regret to say, conceal the terminal condition of the Yeltsin Presidency. Watching film of the summit press conference was a painful exercise, for the Russian President clearly showed his infirmity. This medical condition, together with the nearly total absence of popular support for President Yeltsin and his government, makes a change in the near future seem inevitable.

Boris Berezovsky, the most prominent leader of Russia's new industrial tycoons—the power behind the throne—has already indicated in an interview that President Yeltsin's days in office may be numbered.

The structural problems in Russia's economy are simply too serious to lend themselves to an easy solution. Many factors have contributed to the sorry state in which the economy now finds itself.

The Asian financial crisis forced a general reappraisal of international lending in emerging economies. As investors retreated to safety, doubts about Russia's ability to protect the ruble became a self-fulfilling prophecy.

The 50-percent drop in worldwide crude oil prices within the last 18 months severely harmed Russia's hard currency earning capacity, weakening an important support for its currency and its ability to pay international debts.

But more fundamentally, Russia has been hamstrung by an inability to create the necessary preconditions for being a player in the international economic system. President Clinton outlined them in his usual lucid way in a speech to students in Moscow.

Russia must create a full-fledged rule of law with fair enforcement mechanisms. It must put into place modern taxation and banking systems. Investors, domestic and foreign, must have confidence that they will not have the rules changed in the middle of the game.

In return, Russians, especially the large Russian corporations, must pay their taxes so that the Government can get its fiscal house in order and will not have to resort to the printing press to cover its deficits. The Russian "kleptocracy" must end.

Madam President, I was speaking by telephone with one of the more prominent businessmen in my State about an hour before I came over to the floor. He is in the poultry business. He called to ask me what I thought about the current situation in Russia. He has several million dollars' worth of product in Kaliningrad. They have a rule there that if, in fact, it is not purchased within 90 days, it can be confiscated. So he has to decide whether to keep it there and run the risk of confiscation or get it out of there and try to market it someplace else. In his factory in Delaware he has an equal amount of product with Russian labels, which is poultry to be sent to Russia. He wanted to know what I thought was likely to happen, and so on and so forth.

As I talked to him—he is a very bright guy who has been doing business in Russia in earnest now for the last 4 or 5 years—I asked, "What do they need most?"

He replied, "I never thought I would say this as a conservative businessman. What they need most is the IRS over there."

I said, "Say that again?"

He repeated, "What they need is the IRS over there."

The truth of the matter is, one of the reasons their economy is in such horrible shape is that no one is paying their taxes. These are precisely the measures the International Monetary Fund has been urging on the Yeltsin government, but they remain largely unfulfilled.

The only thing worse than the Yeltsin government paralyzed by an economic meltdown would be a coup d'etat that installed an authoritarian government. It takes little imagination to contemplate the horrible dangers of a resentful, extremist regime that still possesses thousands of missiles armed with nuclear warheads.

Such a scenario, while still unlikely, is not beyond the realm of possibility, especially if Yeltsin's new candidate for Prime Minister, Yevgenii Primakov—who is almost certain to be confirmed by the Duma—is unable to rapidly stabilize the situation.

By tomorrow afternoon, I think Primakov will be confirmed by the Duma. In order to forestall a political catastrophe, I believe the Russian Government in the coming days will take economic steps that may, in the short run, avoid a revolutionary situation but in the long run will make it a heck of a lot harder for them to ever get their economic house in order.

These steps will probably include putting an infusion of currency into the economy through a large-scale increase in Government spending to pay the back wages of state employees, including the military, a process which, in fact, seems already to have begun.

Moreover, there will likely be some form of wage and price controls, foreign currency restrictions, and re-nationalization of some industries—all the wrong things to do. But in fairness to the Russians, I wonder if any of us were taking over that Government at this point, we would do anything short of that to avert a civil catastrophe. Such moves, we must realize, would likely doom Russia's chances of receiving the next payment of the \$22 billion of the international support package negotiated just a month ago.

I believe in the long run Russia's march toward a free-market economy is inevitable, notwithstanding what I said, but some emergency measures may be a necessary short-term detour to avoid the kind of complete calamity that a coup d'etat or popular uprising would bring. I am not predicting either a coup or an uprising, but I believe that the Russian leadership will conclude that is a risk they wish not to take.

Unfortunately, there is very little the United States can do right now to influence events in Russia.

Despite the deteriorating international economic environment and the inevitable mistakes that have occurred as part of well-intentioned assistance efforts, I do not believe that the United States or the West in general should feel that they are responsible for the Russian collapse.

As I said on the floor last spring in the course of the Senate debate on NATO enlargement, we have wisely not repeated the mistakes made after World War I with respect to Germany. There is no parallel with Weimar.

Rather than imposing staggering reparations on a defeated enemy, the capitalist world has pumped \$100 billion in aid, loans, and investments into Russia.

Rather than isolating Russia internationally as the victorious allies did with Germany well into the 1920s, we encouraged Moscow and welcomed her into a variety of international organizations.

We must confront the inescapable fact that the root causes of Russia's stunning descent into chaos lie in her own history and culture.

Centuries of serfdom and submission to foreign conquerors and autocratic tsars hampered the development of political democracy and a civic culture in Russia.

Then at the beginning of the 20th century, just when both—that is, a civic culture and a political democracy—were nonetheless beginning to emerge Russia was hit first by World War I and then by the Bolshevik Revolution and civil war.

I believe the 7 decades of communism that followed offer the best explanation of the current disarray in Russia.

The tangible devastating legacies of communism are well known: millions killed by Stalin's mad collectivization and purges, environmental degradation, and a massive deterioration in public health and life expectancy.

There is also a philosophical legacy that bears directly upon today's impasse. Marxism's basic tenet, the class struggle. Some scholars may disagree with me, and I am sure I will hear from them when I say this.

The entire political class now vying for power in Russia was taught to believe that economic class determines one's interest, that life is, in essence, a zero-sum game. If you, my opponent, win, that must mean that I lose.

Such a mindset stifles mutual trust and makes compromise in the political arena extremely difficult. The result is that democratic Russia has developed relatively few individuals who in the West would be called or could be called a "loyal opposition."

Last year on a visit to Moscow, I held lengthy discussions with several of the leaders who have been in the forefront of the opposition to Chernomyrdin.

The Communist Party leader Gennadii Zyuganov and the nationalist leader, former general Aleksandr Lebed, both struck me as intelligent, thoughtful men, but distrustful and conniving ones who put self before country.

Only Grigorii Yavlinsky, the leader of the Yabloko Party, seemed to be one who might fit into our category of the "loyal opposition." I am told that he may be named First Deputy Prime Minister if Primakov is confirmed as

Prime Minister by the Duma. That would be an encouraging sign. We will know by tomorrow or the next day whether that is true.

One can argue endlessly about what the United States might or might not have done to avert the current catastrophe.

But before we indulge in "who lost Russia?" finger-pointing, it is well to look at Poland, where western-style economic shock-therapy was applied, the population suffered but endured, and the country emerged immeasurably strengthened.

Let one thinks this is a communist-era comparison of a giant and a mid-giant, I would point out that Poland's nearly 40 million population is now in the same general league as Russia's, which is down to 147 million from the Soviet Union's 270 million.

More importantly, Poland's gross domestic product is approximately one-third of Russia's, so a fair contrast, I believe, can be drawn.

Poland's political culture and sense of nationhood were solid enough to support the wrenching, but necessary, economic reforms. Neither was present in Russia.

Perhaps the shorter period of communist rule in Poland than in Russia and the sense that communism had been an alien creed imposed upon the country were factors that mitigated the corrosive ideological effects of Marxism.

Whatever the ultimate explanation, the sad fact is that Russia's political culture, unlike Poland's, proved unable to provide the underpinning for successful economic reform thus far.

The fundamental problem, is not that Russia carried out too many democratic and capitalistic reforms too soon, but rather that it did not carry them out fully.

The Russians now bear the principal responsibility for sorting out their colossal problems. The United States should continue to offer encouragement and support.

Most importantly, we must keep our eye on the first priority of preventing the collapse of Russian democracy along with their economy.

(Mr. COATS assumed the Chair.)

Mr. President, you come from an agricultural State, larger but not unlike mine. I suspect in the coming days and weeks, there are going to be people who will agree with me, and maybe others already do, that one of the ways in which we can deal with Russia's problems in a positive way in the near term is by providing significant food aid, because shortly we may see significant shortages of food in Russia on the shelves.

The EU is already considering a significant food aid program. Maybe that is one of the things we can do in the short term to help stem the erosion of civic support for democracy in Russia. The point that has to be kept in mind is that we have a clear interest in Russian democracy, along with the emerg-

ing prospect of a Russian market economy. But it ultimately rests with the Russians, and they have some very, very tough decisions to make.

Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. If the Senator from Massachusetts would withhold just a moment.

#### CONSUMER BANKRUPTCY REFORM ACT OF 1998

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from the State of Indiana, asks unanimous consent that the debate on the pending bankruptcy bill continue in status quo until the hour of 6 p.m.

Mr. KENNEDY. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, just a short while ago I was informed that the majority leader was looking for amendments to the bankruptcy legislation and also mentioned my name during that discussion. I am quite prepared to call up our amendment at the present time, Amendment Number 3540, and move for consideration of that amendment.

The majority leader indicated—I am getting the transcript—that he was prepared to enter in a time agreement on this amendment, and that he was inviting amendments to the bankruptcy bill. I am here on the floor now prepared to move ahead, and I am also willing to enter into a reasonable time limit. Therefore I am constrained to object given what the majority leader has stated.

The PRESIDING OFFICER. Objection is heard.

The Chair, in its capacity as a Senator from the State of Indiana, suggests the absence of a quorum.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from the State of Indiana, objects and announces that very shortly someone from the leadership of the Republican side will be appearing on the floor to discuss this issue with the Senators.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I hope to have an opportunity to talk about the economy and agriculture and what is happening in my State.

I ask unanimous consent that the quorum call be dispensed with.

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from the State of Indiana, reluctantly objects to the Senator's request and asks the clerk to call the roll.