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Statement on Signing the Bankruptcy Reform Act of 1994

October 22, 1994

The ''Bankruptcy Reform Act of 1994,'' H.R. 5116, stands out as a significant achievement of the 103rd Congress, and I am pleased today to sign this measure into law. Breaking through years of gridlock that prevented the enactment of meaningful bankruptcy reform legislation, the chief sponsors of this measure worked tirelessly on a bipartisan basis with the Justice Department and other agencies of this Administration to pass this bill. Senator Howell Heflin, Chairman of the Senate Judiciary Subcommittee on Courts and Administrative Practice, Senator Charles Grassley, Ranking Member of that Subcommittee, House Judiciary Committee Chairman Jack Brooks, Congressman Hamilton Fish, Jr., Ranking Member of that Committee, Congressman Mike Synar, and their respective staffs are to be commended for their efforts.

This is the most broad-based bankruptcy reform measure to be signed into law in 16 years. Bankruptcy plays a pivotal role in the dynamic American economy and is a critical element of our civil justice system. The Act will update the bankruptcy system so that it may better serve the needs of debtors and creditors, from individuals and small business owners to large corporations and financial institutions. The role of government agencies in bankruptcy proceedings will also be clarified, assuring enhanced collection of debts owed to the public treasury.

Of particular significance are the provisions of this Act directed at accelerating the reorganization process for small businesses. The current version of chapter 11, which embodies a single set of procedures for all types of reorganizations, has proven to be particularly burdensome and time consuming to both small business debtors and creditors, resulting in unnecessary costs and delays. The Act will create a simplified ''fast-track'' system for businesses with debts totaling less than $2 million, meaning far quicker and less costly disposition of approximately 70 percent of the business reorganizations handled by the bankruptcy system. This is precisely the kind of reform that will restore public faith in the ability of our courts to perform in a timely and cost-effective manner.

This Act also expands the use of ''consumer reorganizations,'' allowing individuals with debts up to $1 million to file for bankruptcy under chapter 13. This provision provides an alternative to the harsher process of liquidation while maintaining safeguards against fraud and abuse.

I am also pleased to note the enactment of new bankruptcy fraud measures. Creation of a criminal bankruptcy fraud offense will enhance the integrity of the bankruptcy process and give prosecutors new tools to use against those who would abuse the system.

Finally, and perhaps of the greatest, long-range importance, is the creation of a National Bankruptcy Review Commission to study and report on the issues and problems relating to bankruptcy. Beyond the numerous specific deficiencies in the Bankruptcy Code, it is also time to look at critical policy issues concerning the bankruptcy system. These issues include the relationship of the bankruptcy system to the health of the economy in general and of individual communities, the interaction between bankruptcy law and other legal disciplines, and encouraging the use of alternatives to litigation. I look forward to the expeditious appointment of members of the Commission, drawn from diverse backgrounds of legal, academic, business, and practical experience.

William J. Clinton

The White House,
October 22, 1994.

NOTE: H.R. 5116, approved October 22, was assigned Public Law No. 103–394. This statement was released by the Office of the Press on October 24.

Interview With Chuck Meyer of WWWE Radio in Cleveland, Ohio

October 24, 1994

Mr. Meyer. President Clinton, good morning and welcome to Cleveland. President Clinton, can you hear me?

The President. I can. Can you hear me?

Mr. Meyer. Yes. This is Chuck Meyer, and welcome to Cleveland. Good morning to you, sir.

The President. Thank you, Chuck, it's nice to hear your voice.

OMB Memorandum

Mr. Meyer. Now, let's clear up a matter here of this budget memo. This story broke yesterday in the Washington Post, and your reaction to it came on the West Coast yesterday. And some people in Cleveland may not be caught up on it, but apparently there was a budget memo that was leaked to the Washington Post indicating that one of your administration's options in the future might be a reduction in Social Security benefit COLA's and a raising of some taxes. What's the straight story on that?

The President. The straight story is that that was not an options memo for us, it was a memo which simply cataloged all the things that we might be confronted with over the next couple of years by this commission on entitlements that's meeting, this bipartisan commission, as well as if the Republicans make substantial gains in the Congress and try to implement their contract with America. You know, they've made a trillion dollars' worth of commitments to the American people, big tax cuts for the wealthy. And they've promised to balance the budget while cutting taxes to the wealthy and increasing defense and increasing Star Wars again. They won't say how it's going be paid for. Our calculations indicate that it would require a 30 percent cost cut in everything else. So you're going to have exploding deficits, Medicare cuts, and other things if this contract goes in.

This memo was simply designed to show us the kind of problems we were going to confront over the next few years if those sort of things came up. The truth is, we're doing a good job right now in bringing the deficit down. Today I'm going to speak at the Cleveland City Club and talk about the deficit reduction. We brought it down from $290 billion-plus to $203 billion this year in 2 years. That's $100 billion less than it was projected to be when I took office.

And we've done it by cutting the size of Government, by eliminating Government programs, by cutting others, while still being able to increase our investment in education and training and new technology. And that's what I want to keep doing, managing this thing in a very disciplined way to give us a smaller Government that does more. And if we do that we can maintain our commitments to our senior citizens and do what we have to do to grow this economy. The main thing we can't do is to throw our economy in a tailspin by going back to trickle-down economics.

Administration Accomplishments

Mr. Meyer. Mr. President, I'm looking at a political cartoon that appeared in the Cincinnati Enquirer the other day and it's a couple sitting on their front porch and she says, ''I know I'm mad at Clinton. I just can't remember why.''

And the whole question comes up here, while Ronald Reagan was the ''teflon President,'' and nothing stuck to him, everything is sticking to you. And you're getting blamed for just about everything going on in the country today, including the heartbreak of psoriasis. Why is that?

The President. Well, I don't know. I think part of it is the skill of the Republican congressional leadership and the far right in this country in just continuing to keep the American people in a turmoil and obscuring the facts. I mean, what I've got to do is to spend more time communicating with the American people about what we've done and where we're going.

Take Ohio, for example. The unemployment rate has dropped 1½ percentage points since I've been President. Business failures have dropped by 24 percent; jobs are up. The economic plan that the Congress passed has given us 2 years of deficit reduction already for the first time in more than 20 years, and next year it'll go down again; it'll be the first time since Truman was President.

Eleven times as many Ohio families got a tax cut as a tax rate increase under our economic plan, 509,000 families. The Family and Medical Leave Act that we passed gives 2 million families in this State opportunities for the working people to take a little time off when their babies are born or their parents are sick. That bill was something we sup-

ported that the Republican leadership opposed. The same is true of college loans for middle class kids, immunizing all the kids in this country under 2, things that will strengthen work and families.

So I believe if the people of Ohio and the people of this country knew what we've done to empower working people, to increase our investments in education, to shrink the size of the Federal Government, shrink the deficit, and grow the economy, they'd be pretty well pleased with this administration.

But if you look at the environment in which we've operated, which has been highly contentious, highly negative, and almost no opportunity to get through the positive achievements, it's not surprising, people can only act on what they know.

Crime

Mr. Meyer. But, Mr. President, don't you play into those hands sometimes yourself? For instance, the crime rate's been going down now for several years, and yet, crime seems to be the number one issue in this campaign if there is such a thing as a top issue. We have a lot of politicians running around the country ready to throw everybody in jail, and yet, the crime rate's going down. Doesn't that—isn't that a non-issue.

The President. No, it's not a non-issue for a couple of reasons. The crime rate is going down in some categories in some places because we know that local police and community groups have figured out how to lower the crime rate with community policing and having neighbors work with law enforcement. We know that. But we also know that the crime rate is going up in two ways that are very troubling. First of all, it's going up among teenagers and people under 18. And secondly, the amount of random violence is going up among children under 18. And that's very disturbing to people, and it makes for a more insecure society.

Now, what happens about whether people know the crime rate is going up or down is a function of what they see on their local and national news. But there is still way too much crime and violence in this country. How can you say we made our own problem? I gave the Congress a comprehensive crime bill, which the first time around both Republicans and Democrats voted for it, and the second time around all the Republicans bailed out and tried to make it a political issue—or most of the Republicans bailed out. Some of them stayed on and showed good citizenship.

But that crime bill will increase police presence by 20 percent in the communities of this country. It offers strategies to help prevent crime, and it has much tougher punishment for seriously violent offenders. So I think it's a very good crime bill. It makes a real start in the right direction.

So if you look at what we've done here in the last 2 years, we've strengthened the economy, we've made a serious assault on crime, and we've done a lot of things for ordinary working people like the family leave bill, the middle class college loans, and things of that kind. But I think most people in Ohio support the Brady bill, support the crime bill, support the things we've done and regret the fact that it became a political football in Washington.

Health Care Reform

Mr. Meyer. Mr. President, we've had some calls this morning asking about health care. I know it was a big disappointment that it did not pass, and I read where the White House is gearing up for a more aggressive health care plan to pass next year. And yet, the other day I read where that 30-some-odd million people in this country who don't have health care has grown to nearly 40 million people now.

The President. That's right.

Mr. Meyer. I think these people want to know why health care didn't pass and why the debate got so bogged down when this was clearly a top issue that Americans wanted and were willing to pay for 2 years ago.

The President. Well, it got bogged down because the people who are making a huge amount of money out the system that we have spent a lot of money to terrify the people who do have health care today into thinking that if our bill passed it would make it worse and it would lead to more Government intervention in the health care system.

That was not the truth. And what we've got to do is to come back and find a way to demonstrate to the American people what

we want to do is to protect the plans that they have now that they like, but to make sure we cover the people who don't have health insurance and we control the costs better.

But here's the fundamental problem. Every other country in the world with an advanced economy, every other wealthy country, spends between 9 and 10 percent of its income on health care to cover everybody. We spend 14 percent of our income or another $240 billion, and we have almost 40 million people without insurance. Another million Americans in working families lost their health insurance last year.

Well, the people that are making that extra $240 billion by and large don't want us to change. And they spent somewhere between $200 million and $300 million lobbying against our health care plan. Then again, the Republican congressional leadership operated on the theory that they could not permit any kind of health care to pass because it would be politically beneficial to the Democrats and to the administration. I wanted them to have half the credit. I wanted this to be bipartisan. And we've just got to keep dealing with this.

The health care problem is the main cause of the big Government deficit. It is a main source of insecurity for working people who have jobs. And we're going in reverse. We're the only major country where we're actually losing ground in providing coverage to people. So I'm going to come back and try to find a way that the American people will support and will not be frightened by, to cover the people who don't have coverage, to protect the coverage of the people who do have coverage, and to slow the rate of cost increases.

Midterm Elections

Mr. Meyer. Mr. President, I'd like to ask you another political question. My 17-year-old daughter, Andrea, told me to pass along the message to you that she intends to vote for you in 1996 when she is allowed to vote in a Presidential election for the first time. And that's the good news.

The bad news is, why isn't Tom Foley as excited about you as my daughter?

The President. Well, what are—Tom Foley has done a pretty good job.

Mr. Meyer. Well, he wasn't by your side in Seattle yesterday.

The President. Well, he shouldn't have been. You know why he wasn't? He had a debate last night, and he was preparing for it, and he was doing exactly what he should've done. He was over in the part of the State where his district was, doing exactly what he should have done. The Seattle Congressmen were all there. And I think he—I would have been disappointed if he had come all the way over there and then turned around and gone back and taken away 3 or 4 hours from his debate preparation time. He's in a tough fight. He's been in tough fights consistently in his district for the last 15 or 20 years, and he's over there paying attention to the people of his district, which is what he ought to be doing.

Mr. Meyer. Okay. Well, there is some logic to that explanation. But there are Democrats around the country this year who don't want you to come and campaign for them, and you're reduced to helping get votes for Mario Cuomo and Ted Kennedy, and these guys should be winning easy reelection, shouldn't they?

The President. I don't know why you would say that. It's very hard for any Governor to get elected to four terms. Very, very difficult. And Governor Cuomo had a pretty close race 4 years ago. I think he is going to win, but it's a very combative environment in New York. And I was asked to come in there because it was a difficult case and because I think he's an important leader for our country and I hope he can be reelected.

Senator Kennedy has been in office 30 years, and there's a big anti-incumbent feeling out in the country this year. I think he will be reelected because he's been willing to change, embrace new ideas, and take a different approach in the last few years. I think he's really become an instrument of a lot of the new ideas the American people would like to see adopted by the Congress, and I think that's why they'll reelect him.

But I don't think you should assume that because somebody is well known they'll have an easy reelection. Sometimes that makes for a tough reelection, particularly given the

harsh feelings people have about the Congress.

Middle East Peace Process

Mr. Meyer. I know that you have to go in a moment, but I wanted to ask you a quick question about Syria. You're making the trip to the Middle East this week, and you're visiting Syria, a country that we still consider a renegade nation, a country that has not done enough, say some, to control radical elements in the region. What do you hope to accomplish there this week?

The President. I don't expect a dramatic breakthrough, and I want to caution the American people about that going in. I mean, the primary purpose of going to the Middle East is to stand shoulder-to-shoulder with Israel and Jordan, particularly given the difficult events of the last couple of weeks and the violence that they've undergone. I was asked to come there and witness the signing because the United States played a major role in this peace agreement.

But I'm going to Syria because achieving a full peace in the Middle East requires a peace between Israel and Syria, which will make possible a peace between Israel and Lebanon. And that would be a huge plus for the United States and all the world to have a comprehensive peace there. I'm going because progress has been made. Terrorism is still an issue with Syria, and it will continue to be. But it seems clear to me that the best way to end terrorism in the Middle East is to have a comprehensive peace settlement there. And I do believe we're making progress. And I think if I go to Syria we will make further progress. Since I am in the region, I think that I ought to keep working and not just celebrate what we've done already, but to keep making progress toward the future.

Mr. Meyer. Mr. President, thank you very much for your time, and enjoy your trip to northern Ohio today.

The President. I'm looking forward to it. Thank you.

Mr. Meyer. I'm sure that was the chilliest jog you've had in a while, but I hope it was okay this morning.

The President. To tell you the truth, I got in late so I slept in. I was a derelict this morning, I didn't go jog. [*Laughter*]

Mr. Meyer. Well, shame on you, but we'll give you this one.

The President. Thanks.

Mr. Meyer. Thanks again for your time.

The President. Goodbye.

NOTE: The interview began at 8:35 a.m. in the Sheraton City Centre.

Remarks and a Question-and-Answer Session at the Cleveland City Club

October 24, 1994

The President. Thank you. It's kind of nice to be out of Washington. And it's very nice to be back here for my third appearance. On the way in I told Steve, I said, "Shoot, if I show up again, you're going to have to start charging me dues." He said, "You've forgotten Senator Metzenbaum's already paid your dues." [*Laughter*] So I thank you, Senator, for paying my dues.

I'm glad to be joined here by so many guests and especially by some of your distinguished political leaders. I want to thank Howard Metzenbaum, as he leaves the Senate, for the things he's done for Ohio and for the United States over the years.

This is not what I came to talk about, but I want to mention in particular a bill that he got into the very last set of bills that passed in the filibuster-wild Senate at the end of the session. It's a bill that has achieved, finally, some long overdue national notice, to make it easier for parents to adopt children and to make it easier to get these kids out of long-term interminable delays in foster homes and into solid adoptive homes. And it's a great contribution to what I think ought to be the pro-family position of the United States of America. I thank you for that, sir. It was great.

I'm glad to be here with Senator Glenn and Congressman Fingerhut, Congressman Stokes, Congressman Sawyer, Congressman Hoke, former Congressman Mary Rose Oakar is here and as an Arab-American is going to the Middle East with the American delegation. I'm glad to see you here. Mayor White, I thank you for meeting me at the