

(1) consumption of foreign oil in the United States is estimated to equal 56 percent of all oil consumed, and that percentage could reach 68 percent by 2010 if current prices prevail;

(2) the number of oil and gas rigs operating in the United States is at its lowest since 1944, when records of this tally began;

(3) if prices do not increase soon, the United States could lose at least half its marginal wells, which in aggregate produce as much oil as the United States imports from Saudi Arabia;

(4) oil and gas prices are unlikely to increase for at least several years;

(5) declining production, well abandonment, and greatly reduced exploration and development are shrinking the domestic oil and gas industry;

(6) the world's richest oil producing regions in the Middle East are experiencing increasingly greater political instability;

(7) United Nations policy may make Iraq the swing oil producing nation, thereby granting Saddam Hussein tremendous power;

(8) reliance on foreign oil for more than 60 percent of our daily oil and gas consumption is a national security threat;

(9) the level of United States oil security is directly related to the level of domestic production of oil, natural gas liquids, and natural gas; and

(10) a national security policy should be developed that ensures that adequate supplies of oil are available at all times free of the threat of embargo or other foreign hostile acts.

(c) DEFINITIONS.—In this section:

(1) BOARD.—The term "Board" means the Loan Guarantee Board established by subsection (e).

(2) PROGRAM.—The term "Program" means the Emergency Oil and Gas Guaranteed Loan Program established by subsection (d).

(3) QUALIFIED OIL AND GAS COMPANY.—The term "qualified oil and gas company" means a company that—

(A) is—

(i) an independent oil and gas company (within the meaning of section 57(a)(2)(B)(i) of the Internal Revenue Code of 1986); or

(ii) a small business concern under section 3 of the Small Business Act (15 U.S.C. 632) (or a company based in Alaska, including an Alaska Native Corporation created pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.)) that is an oil field service company whose main business is providing tools, products, personnel, and technical solutions on a contractual basis to exploration and production operators that drill, complete wells, and produce, transport, refine, and sell hydrocarbons and their by-products as the main commercial business of the concern or company; and

(B) has experienced layoffs, production losses, or financial losses since the beginning of the oil import crisis, after January 1, 1997.

(d) EMERGENCY OIL AND GAS GUARANTEED LOAN PROGRAM.—

(1) IN GENERAL.—There is established the Emergency Oil and Gas Guaranteed Loan Program, the purpose of which shall be to provide loan guarantees to qualified oil and gas companies in accordance with this section.

(2) LOAN GUARANTEE BOARD.—There is established to administer the Program a Loan Guarantee Board, to be composed of—

(A) the Secretary of Commerce;

(B) the Chairman of the Board of Governors of the Federal Reserve System, who shall serve as Chairman of the Board; and

(C) the Chairman of the Securities and Exchange Commission.

(e) AUTHORITY.—

(1) IN GENERAL.—The Program may guarantee loans provided to qualified oil and gas companies by private banking and investment institutions in accordance with procedures, rules, and regulations established by the Board.

(2) TOTAL GUARANTEE LIMIT.—The aggregate amount of loans guaranteed and outstanding at any 1 time under this section shall not exceed \$500,000,000.

(3) INDIVIDUAL GUARANTEE LIMIT.—The aggregate amount of loans guaranteed under this section with respect to a single qualified oil and gas company shall not exceed \$10,000,000.

(4) EXPEDITIOUS ACTION ON APPLICATIONS.—The Board shall approve or deny an application for a guarantee under this section as soon as practicable after receipt of an application.

(5) ADDITIONAL COSTS.—For the additional cost of the loans guaranteed under this subsection, including the costs of modifying the loans as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a), there is appropriated \$122,500,000 to remain available until expended.

(f) REQUIREMENTS FOR LOAN GUARANTEES.—The Board may issue a loan guarantee on application by a qualified oil and gas company under an agreement by a private bank or investment company to provide a loan to the qualified oil and gas company, if the Board determines that—

(1) credit is not otherwise available to the company under reasonable terms or conditions sufficient to meet its financing needs, as reflected in the financial and business plans of the company;

(2) the prospective earning power of the company, together with the character and value of the security pledged, provide a reasonable assurance of repayment of the loan to be guaranteed in accordance with its terms;

(3) the loan to be guaranteed bears interest at a rate determined by the Board to be reasonable, taking into account the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the maturity of the loan; and

(4) the company has agreed to an audit by the General Accounting Office before issuance of the loan guarantee and annually while the guaranteed loan is outstanding.

(g) TERMS AND CONDITIONS OF LOAN GUARANTEES.—

(1) LOAN DURATION.—All loans guaranteed under this section shall be repayable in full not later than December 31, 2010, and the terms and conditions of each such loan shall provide that the loan agreement may not be amended, or any provision of the loan agreement waived, without the consent of the Board.

(2) LOAN SECURITY.—A commitment to issue a loan guarantee under this section shall contain such affirmative and negative covenants and other protective provisions as the Board determines are appropriate. The Board shall require security for the loans to be guaranteed under this section at the time at which the commitment is made.

(3) FEES.—A qualified oil and gas company receiving a loan guarantee under this section shall pay a fee to the Department of the Treasury to cover costs of the program, but in no event shall such fee exceed an amount equal to 0.5 percent of the outstanding principal balance of the guaranteed loan.

(4) GUARANTEE LEVEL.—No loan guarantee may be provided under this section if the guarantee exceeds 85 percent of the amount of principal of the loan.

(h) REPORTS.—During fiscal year 1999 and each fiscal year thereafter until each guaranteed loan has been repaid in full, the Secretary of Commerce shall submit to Congress a report on the activities of the Board.

(i) SALARIES AND ADMINISTRATIVE EXPENSES.—For necessary expenses to administer the Program, \$2,500,000 is appropriated to the Department of Commerce, to remain available until expended, which may be transferred to the Office of the Assistant Secretary for Trade Development of the International Trade Administration.

(j) TERMINATION OF GUARANTEE AUTHORITY.—The authority of the Board to make commitments to guarantee any loan under this section shall terminate on December 31, 2001.

(k) REGULATORY ACTION.—Not later than 60 days after the date of enactment of this Act, the

Board shall issue such final procedures, rules, and regulations as are necessary to carry out this section.

FEDERAL ADMINISTRATIVE AND TRAVEL EXPENSES (RESCISSESS)

SEC. 202. (a) Of the funds available in the nondefense category to the agencies of the Federal Government, \$125,000,000 are hereby rescinded: Provided, That rescissions pursuant to this subsection shall be taken only from administrative and travel accounts: Provided further, That rescissions shall be taken on a pro rata basis from funds available to every Federal agency, department, and office in the Executive Branch, including the Office of the President.

(b) Within 30 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall submit to the Committees on Appropriations of the House of Representatives and the Senate a listing of the amounts by account of the reductions made pursuant to the provisions of subsection (a) of this section.

Page 22, strike out all after line 15 over to and including line 4 on page 32 and insert:

GENERAL PROVISIONS

SEC. 301. No part of any appropriation contained in the Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

This Act may be cited as the "Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999".

The title was amended so as to read: "An Act providing emergency authority for guarantees of loans to qualified steel and iron ore companies and to qualified oil and gas companies, and for other purposes."

Mr. BYRD. Mr. President, I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2000 AND 2001

The PRESIDING OFFICER. The clerk will report H.R. 886.

The legislative assistant read as follows:

A bill (S. 886) to authorize appropriations for the Department of State for fiscal years 2000 and 2001; to provide for enhanced security at United States diplomatic facilities; to provide for certain arms control, non-proliferation, and other national security measures; to provide for the reform of the United Nations; and for other purposes.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from North Carolina.

Mr. HELMS. Mr. President, to make the RECORD absolutely clear, what is the pending business now?

The PRESIDING OFFICER. The pending business is S. 886.

Mr. HELMS. Which is?

The PRESIDING OFFICER. State Department authorization.

UNANIMOUS CONSENT REQUEST

Mr. HELMS. Mr. President, I ask unanimous consent with respect to the State Department authorization bill, all amendments in order pursuant to the consent agreement of June 10 must be offered and debated during Friday's session of the Senate. I further ask

consent that any votes relative to the bill occur in a stacked sequence beginning at 5:30 p.m. on Monday, with 2 minutes for explanation prior to each vote.

The PRESIDING OFFICER. Is there objection?

Mr. BIDEN. Mr. President, reserving the right to object, I will object.

The PRESIDING OFFICER. The Senator will suspend. We will please have order in the body.

The Senator from Delaware.

Mr. BIDEN. Reserving the right to object, I will object, and I want to explain why. The reason I object is there are several amendments from Senators who are not going to be able to be here today. They are necessarily absent. So they would be shut out completely from introducing their amendments.

On behalf of the leadership, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BIDEN. Mr. President, with the permission of my colleague from North Carolina, I ask unanimous consent, with respect to the State Department authorization bill, any amendments on the list of amendments in order to the State Department authorization bill must be filed at the desk by 11:30 today, that there be no further votes today, and the next vote would occur beginning at 5:30 on Monday.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. BIDEN. Will the Senator yield for a unanimous consent request relating to staff?

Mr. HELMS. Certainly.

PRIVILEGE OF THE FLOOR

Mr. BIDEN. Mr. President, I ask unanimous consent the privilege of the floor be granted to the following members of the minority staff of the Foreign Relations Committee: David Auerswald, an American political science fellow, and Joan Wadelton, a Pearson fellow, during the pendency of the State Department authorization bill, S. 886.

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

Mr. BIDEN. I thank the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, on behalf of the majority leader, I suggest Senators not leave town because there are going to be additional votes today.

Having made that announcement, I hope it is clear to all Senators we were willing to offer an agreement, but that failing, we must proceed.

Mr. REID. Will the Senator yield?

Mr. HELMS. Yes, sir.

Mr. REID. I could not quite hear, but you indicated there would be votes during today?

Mr. HELMS. Yes, sir.

Mr. REID. There was an announcement made by the leader yesterday that there would be no votes occurring after 11:45 a.m. today. There are people who have based their schedules on that public announcement made yesterday.

Mr. HELMS. I ask the Chair if the unanimous consent agreement stated 11:45 a.m.

Mr. REID. I am not sure there was a unanimous consent agreement. There was a public statement made.

The PRESIDING OFFICER. There is no agreement on limiting votes for the remainder of the day.

The Senator from North Carolina.

Mr. HELMS. Mr. President, I believe I am authorized to say there will be no votes after 11:45 a.m. today. At least I will not participate in ordering them.

Mr. KERRY. Mr. President, I understand a couple of Senators are out of town and therefore are not, even though they may want to, able to physically meet the unanimous consent request of the chairman. I wonder if the purposes of the Senate in moving this legislation forward are not equally well served by narrowing the universe of amendments by requiring that they all be laid down before the hour when there will be no further votes. We will then have a fixed universe of amendments, and we can begin debating them and proceed rapidly.

Mr. HELMS. I am unable to pass judgment on that. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. I have to object.

The PRESIDING OFFICER. Objection is heard. The clerk will continue calling the roll.

The assistant legislative clerk continued with the call of the roll.

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

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

Mr. HELMS. Mr. President, I am a father. Like everybody else, every daddy wants to get home, except a few who will not give time agreements on their amendments. So we will just have to plow ahead and do the best we can.

On behalf of the Senate Committee on Foreign Relations, I offer the foreign relations authorization bill, approving specific State Department activities for fiscal years 2000 and 2001, including funds for payment of some dues arrearages to the United Nations and other international organizations conditioned upon reform of those institutions.

In the course of debate, the distinguished Senator from Delaware, Mr. BIDEN, and I will offer an amendment naming this bill the Admiral James W.

Nance Foreign Relations Authorization bill, in memory and in honor of the late chief of staff of the Foreign Relations Committee, Bud Nance.

The Foreign Relations Committee approved this bipartisan legislation back in April—I believe on April 21st—by a vote of 17 to 1.

This is the first authorization of State Department activity since enactment last October on the Foreign Affairs Reform and Restructuring Act, which required the consolidation of the Arms Control and Disarmament Agency and the U.S. Information Agency into the State Department. These were temporary agencies. They were established in the 1950s and were explicitly and emphatically described as temporary agencies.

As Ronald Reagan said, there is nothing so near eternal life as a temporary Federal agency. So what we did, we folded two of those into the State Department, their responsibilities, and got rid of them.

Both of these temporary agencies were created about a half century ago, and this effort by the Foreign Relations Committee is the first time any body has tried to do away with those nontemporary or temporary agencies.

The bill addresses several significant oversight and authorization issues. It proposes to strengthen and preserve the arms control verification functions of the U.S. Government, while addressing other nonproliferation matters as well.

The bill authorizes a 5-year \$3 billion construction blueprint for upgrading U.S. embassies around the world to provide secure environments for America's personnel overseas. Unlike the funds provided more than a decade ago in the wake of a report by Admiral Inman calling for improved security of U.S. embassies, this bill creates a firewall for funding from other State Department expenditures which will ensure that embassy funds are not raided to pay for other State Department pet projects.

The bill makes some reforms to strengthen the Foreign Service. Most Foreign Service officers are supportive of ensuring poor performing members of the Foreign Service are not automatically kept in the Service by statutes manipulated to protect unworthy employees from discharge and/or personnel actions. The changes in the bill will streamline the grievance and disciplinary process stipulated by the Foreign Service Act.

The bill augments a coordination and oversight of the U.S. Government's role in assisting parents seeking return of abducted children. These provisions are an outgrowth of the Foreign Relations Committee oversight hearing this past year on the growing problem of international abduction of children in disputes growing out of divorce and separation. It is a real problem, I say to the distinguished occupant of the Chair.

Significantly, the bill includes a U.N. reform package which includes payments of arrearages in exchange for—I reiterate for emphasis—in exchange for key reforms of and by the United Nations.

I say parenthetically to the distinguished occupant of the Chair that on the day that Kofi Annan was designated to be the Secretary General of the United Nations, I called him and invited him to come to Washington. We worked out a stipulated number of reforms that had to be done before any thought or agreement could be considered regarding the so-called arrearages.

He agreed to that. He went back to the United Nations and made some other statements, but we are working that out.

Interestingly enough, we are getting some support from the gentleman who probably will be confirmed in a week or so as the new U.S. Ambassador to the United Nations who strongly favors the reform of the United Nations. He stipulated that to me yesterday.

The reform agenda required by this bill, prior to the payment of any U.S. taxpayer dollars, has the full support of the Secretary of State and the distinguished Senator from Delaware, Mr. BIDEN, and me. These reforms were approved by the Senate during the 105th Congress by a vote of 90-5, but it was vetoed by the President of the United States.

I thank the Chair, and I yield the floor.

I believe we are going to have to have order, Mr. President.

The PRESIDING OFFICER. The Senator is correct. There is not order in the body.

Please, may we have order in the body so we can proceed on this important piece of legislation. Conversations will please be taken off the floor.

Mr. HELMS. Mr. President, I suggest the absence of a quorum until we can get order.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. HELMS. I am going to depart from what we agreed to. The distinguished Senator from Vermont needs 3 minutes, he says, for a statement in the form of a eulogy. I yield that time to him.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 3 minutes.

LEONARD RIESER

Mr. LEAHY. Mr. President, Vermont and the United States lost one of its most distinguished academics last winter. Leonard Rieser, a physicist, a professor, a dean, and chairman of the board of the Bulletin of Atomic Scientists, holder of so many titles that we couldn't repeat all of them, died at

the same time his great gifts and talents were still expanding.

I knew Leonard and his wife, Rosemary, through their son, Tim Rieser. Tim has been the most extraordinary advisor to me for many years, and he holds the best attributes of his father: decency, a towering intellect, and a constant search for knowledge.

Leonard Rieser is a man who lived more in a decade than most people will live in a lifetime. He accomplished in a few years what others would be proud to have as their life's work. What is extraordinary is that he did it for decade after decade.

In Vermont and throughout the Nation, expressions of sorrow but also of admiration and gratitude for his life poured in. We have all benefited by his life. He leaves a great void, especially for his wife, his sons, Tim, Leonard, and Ken, his daughter, Abby, his grandchildren and all his friends.

Mr. President, I ask unanimous consent that just one of the many tributes written about him be printed in the RECORD at this point.

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

[From the Bulletin of the Atomic Scientists, Mar./Apr. 1999]

LEONARD M. RIESER, 1922-1998

(By Mike Moore)

Leonard M. Rieser, 76, who chaired the board of the Bulletin from 1985 to June of last year, died in December of pancreatic cancer. His tenure as chairman spanned a tumultuous era. When Rieser took the chair, the Bulletin's "Doomsday Clock" stood at three minutes to midnight and "Evil Empire" rhetoric still ricocheted back and forth across the Atlantic.

But by late 1991, the United States and the Soviet Union had signed the Strategic Arms Reduction Treaty, a coup attempt in the Soviet Union had failed, and the United States and Russia had begun to withdraw thousands of tactical nuclear weapons from forward deployment. That fall, the board voted to move the minute hand "off the scale"—from 10 minutes to 17 minutes to midnight.

In speaking to the press after the meeting, Rieser displayed the rooted-in-the-real-world optimism that characterized his life. The Cold War was clearly over, Leonard told the audience, as was the East-West arms race. That was a cause for celebration, and it surely justified the unprecedented seven-minute move. "But the world is still a dangerous place and governments continue to pour vast sums of money and intellectual capital into weaponry. The Bulletin has much work left to do. It will continue reporting on the destructiveness of seeking military solutions to the world's ills."

He was surely right about the Bulletin having more work to do. In 1995, the board moved the minute hand back onto the scale, to 14 minutes to midnight, in part because of the slow U.S. and Russian pace in cutting back nuclear arsenals. And last June, the board moved the hand to nine minutes to midnight, partly because of nuclear tests by India and Pakistan, and partly because East-West arms reductions were still agonizingly slow.

In December of 1942, Rieser, an undergraduate in physics at the University of Chicago, enlisted in the army, but received a deferment so he could finish his degree. After receiving his baccalaureate, he was assigned

to the Manhattan Project, first in the Chicago laboratory and then at Los Alamos.

In later years, he seldom talked of his bomb-related work, other than to say that he had no interest in pursuing weapons work after the war. Al Baez, a physicist who met Rieser in the late 1940s while both were graduate students at Stanford, said they became lifelong friends partly because of their mutual belief that scientists had a moral responsibility to weigh the consequences of their work.

Rieser joined the Dartmouth College physics faculty in 1952 and remained active in Dartmouth affairs until his death. He became dean of the faculty, provost, and the Sherman Fairchild Professor in the Sciences. During the socially and politically chaotic years of the late 1960s and early 1970s, he helped transform Dartmouth from a small men's liberal arts school into a more diverse coed institution.

Rieser retired as provost in 1982, the year he joined the board of the Bulletin, but he remained chairman of Dartmouth's Montgomery Endowment, which brings scholars, artists, and political figures to the campus for periods ranging from a week to a year. In 1984, he became the founding director of the John Sloan Dickey Center for International Understanding at Dartmouth.

Despite his decision to follow a largely administrative track, he remained passionately committed to science, pure and applied, and to the teaching of science. He was a member of the American Physical Society, the American Association of Physics Teachers, and the American Association for the Advancement of Science (AAAS).

Rieser chaired the AAAS's Commission on Science Education from 1966 to 1971, and he successively served as president-elect, president, and chairman of the AAAS board in the early 1970s. He later chaired the association's Committee on Future Directions and the Committee on Scientific Freedom and Responsibility.

In 1974, Rieser was a co-founder of the Interciencia Association, an organization based in Caracas that is dedicated to uniting scientific communities in the Americas, so they can more effectively promote the welfare of the people. He later served as president of Interciencia, and he was still a director at his death.

At various times, Rieser was president of the New England Council on Graduate Education, an overseer at Harvard, a member of the Commission on the International Exchange of Scholars, a member of the Council on Humanities and Sciences at Stanford, a trustee of Hampshire College, and a trustee of the Latin American Student Programs at American Universities.

In 1990, Rieser became a consultant to the John D. and Catherine T. MacArthur Foundation in Chicago. For four years, beginning in 1993, he chaired MacArthur's Fellows program—the so-called "genius grant" program in which scholars, artists, and innovators of all description are awarded handsome sums so they can more readily pursue their work by freeing them of financial constraints.

The program's yearly awards regularly make headlines. They have been applauded as being imaginative and visionary and criticized for being too offbeat, "too politically correct."

"It was not a matter of 'political correctness,'" says Adele Simmons, president of MacArthur. "Leonard delighted in finding people not already being supported by mainstream institutions, and giving them an opportunity to look at institutions and issues in a new way, getting people to really think."

Victor Rabinowitch, senior vice president of MacArthur, said Rieser took particular

joy in mentoring younger people. "He loved to play that role. He was idealistic—but also realistic. He believed in the goodness of people, man of enormous decency. The secretaries all adored him—he listened to them."

An adjective often used to describe Rieser is "graceful"—in the sense that he was a considerate man, a "gentleman" in the old-fashioned use of the term. Listening, says Barbara Gerstner, assistant provost at Dartmouth, was one of Rieser's greatest gifts. "When he conducted a meeting, he made sure that everyone's point of view was heard and understood. A person could leave a meeting unsatisfied with the result. But at least he knew he had had a fair chance to be heard."

MacArthur's Rabinowitch, who has attended high-powered meetings throughout the world for most of his professional life, says simply: "Leonard was the most talented chairman I have ever seen."

Dorothy Zinberg, on the faculty at Harvard's John F. Kennedy School of Government, recalls Rieser's ability to put people at ease. She first met Leonard in the early 1970s, when she "parachuted into Washington" to serve as the "token woman" on the AAAS's Committee for Science and Social Responsibility. It was a small but stellar group that included former Chief Justice Earl Warren and John Knowles, then president of the Rockefeller Foundation, and Alan Astin, a towering figure in Washington science policy. Zinberg, who was then a young professor at Harvard, was ill at ease. "Don't worry," said Leonard. "You have every right to be here. Speak up." That she did, and she went on to serve on several more AAAS committees.

In the early 1990s, Zinberg was a consultant at the MacArthur Foundation and often found herself working closely with Rieser. "Leonard challenged every statement to make certain that no issue under discussion had been superficially examined. Behind the boyish smile, the informal style, the casual country clothes, and the droll humor lay a steely determination to get things right."

Leonard M. Rieser, according to those who knew him well, did get it right.

Mr. LEAHY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent for 3 minutes.

The PRESIDING OFFICER. The Senate is in a quorum call.

Mr. WELLSTONE. I ask unanimous consent that the order for the quorum call be dispensed with so I may have 3 minutes as in morning business.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

THE BANKRUPTCY BILL

Mr. WELLSTONE. I thank the Senator from North Carolina. It may take less than 3 minutes.

I refer colleagues, and I will include in the RECORD, to a piece today in the New York Times, front-page article, the title of which is "New Lenders With Huge Fees Thrive on Workers With Debts."

Some of my colleagues remember that Senator Metzenbaum did a lot of work on this. When we do bring up the bankruptcy bill, I will have an amendment which will prohibit claims in bankruptcy which rise from these high-

cost transactions such as "payday" loans, car title loans, or any other credit extension that extends beyond 100 percent per annum. I will go into this in detail. I cannot right now in 3 minutes. I will put this piece in the RECORD. I hope colleagues will read it. It is really quite outrageous what these companies have been able to get away with. I look forward to having a debate on this amendment on the bankruptcy bill.

Mr. President, I ask unanimous consent to have printed in the RECORD the article to which I referred.

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

[From the New York Times, June 18, 1999]

NEW LENDERS WITH HUGE FEES THRIVE ON WORKERS WITH DEBTS

(By Peter T. Kilborn)

KOKOMO, IND., June 16.—A year and a half ago, Doris Rude, a taxi driver who is partly disabled by a herniated disc, was living at the edge of her income of \$300 a week and had just \$5 in the bank. Then she received a \$1,900 hospital bill. With poor credit and no money, she turned in desperation to a new, fast-growing American institution: The payday loan company.

For a fee of \$30, the company agreed to advance her a two-week loan of \$100. To obtain the loan, she wrote the company a check for \$130 that the lender agreed to hold until her next payday. With the \$30 fee, the lender was charging her an annual interest rate that consumer advocates say is 780 percent.

But two weeks later, with no change in her living expenses, her check was sure to bounce. So the lender let Ms. Rude renew the loan for another two weeks, for another \$30 fee. Soon she was bounding from one payday lender to another, six in all, borrowing from the next to pay the accumulating fees of the others.

Ms. Rude had fallen into a trap that regulators worry is an increasingly common one, not just for lower-paid workers like Ms. Rude but for higher-salaried ones as well.

Payday lending companies are sprouting up all over the country, having increased to nearly 8,000 today from 300 seven years ago. Although this is the most prosperous peace-time decade of the century, many workers have become trapped by debts run up in free spending or have been driven deeper into debt by misfortune. But these workers have the two basic things needed to obtain a payday loan: paychecks and checking accounts.

Although plentiful in big cities like New York and Los Angeles, the payday lenders have become most visible in places like Kokomo; Springfield, Ohio, and Cleveland, Tenn. Ten have opened in Kokomo, a city of 45,000 people.

Bearing names like Check Into Cash, Check 'n Go and Fast Cash, payday lenders grant loans to workers against their next paychecks. In return, the companies charge a "fee," typically \$15 to \$35. At annual rates, the fees normally exceed 300 percent and 400 percent and in some cases they reach four digits.

At least a dozen national chains have sprung up. The biggest, Ace Cash Express in Irving, Tex., has around 900 stores and revenue last year—what it collected in loan fees—of \$100 million, twice that of 1996. Check Into Cash, in Cleveland, Tenn., reported that its revenue had jumped to \$21 million in the first six months of 1998 from \$10 million three years ago and \$1 million five years ago.

In much of the country, these companies escape the routine scrutiny and regulations faced by banks, finance companies and pawn shops, because in some states they are too new to have stirred much controversy and in others they have used political clout to stave off legislation.

As of late last year, the Consumer Federation of America reported that 19 states, including all of those in New England, as well as Pennsylvania, Texas and Virginia, prohibited payday lending, most by limiting annual, small-loan interest to less than 40 percent. But the federation said the 31 other states, including New York and New Jersey, condoned it by law or by the absence of law.

A spokesman for the New York State Banking Department, Rick Hansen, disputed this assertion, saying the state's usury law forbids charging more than 25 percent annual interest on any loan.

The payday lenders say they are providing a vital service. As commercial banks have shunned the poorest borrowers, in part by raising the minimum amounts they will lend, people who need small sums to get over a hump, like paying for a medical prescription or buying tires for a car, have few choices. These include people who are unable to get credit cards or who have charged or exceeded their cards' credit limits.

Industry leaders say comparing payday lenders' fees with annual interest rates is unfair because most of the loans are paid off within a month.

Consumer advocates consider the payday lenders' interest rates exorbitant.

"I know of loan sharks in New York who wouldn't charge this kind of interest," said Gary L. Calhoun, a lawyer here who provides legal services for members of the United Automobile Workers.

State Representative Richard W. Bodiker of Indiana, a Democrat whose bill this year to regulate the lenders fell to intense industry lobbying, calls the fees, "in excess of what usury laws consider loan-sharking."

Robert C. Rochford, deputy counsel of the National Check Cashers Association, an industry trade group, called such accusations spurious.

"Loan-sharking involves coercive tactics to collect the debt," Mr. Rochford said. "No major direct deposit provider has been convicted of that."

One reason for the lenders' growth is people's comfort with debt. The nation's savings rate, the percentage of people's disposable income that is saved, dropped to 0.5 percent last year and to nothing at all by earlier this year from 6 percent a decade ago. Rather than save, people are spending more than ever and borrowing more than ever.

"We know there's a pretty sizable group of folks whose credit cards are maxed out," said Mark B. Tarpey, a supervisor in the consumer finance division of the Indiana Department of Financial Institutions.

With payday lenders around, Mr. Tarpey said: "They don't have to tell the boss they need a cash advance. They don't have to give up their TV's and furniture. They don't have to run a credit check."

Another reason is a level of unemployment, 4.2 percent, that economists used to call unattainable. To succeed, payday lenders need customers with bank accounts and regular checks, in particular paychecks, and these days, just about every able-bodied adult receives one.

Under such conditions, said Mr. Rochford, the deputy counsel for the check cashers' association, payday lenders' revenues will grow to \$1.44 billion this year from \$810 million last year.

Payday lending exists, Mr. Rochford said, "because there's a need for it." A short-term deferred deposit loan, the industry's preferred term, helps a worker through an emergency and is cheaper than bouncing a check.