The significant benefits of the Bankruptcy Code for consumer debtors were noted early on by creditors as well. Within a year after the Code’s effective date, the consumer credit industry mounted a drive to drastically cut back on the relief obtainable in bankruptcy and, in some ways, to tilt the law in creditors’ favor even more than it had been under the prior Bankruptcy Act.

Despite an intense lobbying and public relations campaign, the credit industry’s efforts were largely rebuffed. Congress did pass, in the Bankruptcy Amendments and Federal Judgeship Act of 1984, a package of consumer bankruptcy amendments. But those amendments were mere shadows of the creditors’ original proposals, narrowly tailored to meet the few abuses of the Code that might actually be occurring.

While they did have important effects, usually detrimental, in the cases of a minority of debtors, the 1984 amendments did not alter the basic rights of consumers to bankruptcy relief. Indeed, in several ways the 1984 amendments clarified and strengthened consumer rights. Their net effect in most cases was probably a slight increase in the paperwork required and nothing more. Hence, the importance of bankruptcy law to low and moderate income consumers, and the opportunities for its development on their behalf, continued unabated.

Footnotes


8 [8] See, for example, 11 U.S.C. § 525(b), prohibiting discrimination by private employers, discussed in Chapter 15 [1], infra.

Source: National Consumer Law Center, Consumer Bankruptcy Law and Practice [12th ed.], updated at www.nclc.org/library
Source URL: https://library.nclc.org/bankr/01010202

Links
[1] https://library.nclc.org/nclc/link/Bankr.15