

MR. REED'S PLIGHT

The records of Inland Steel Co. indicate how widespread wage attachment can be. Each payday the company makes such deductions from the paychecks of about 2,000 of its 22,000 production employees in the Chicago area, says Dorothy A. Lascoe, who handles this chore. Inland annually pays out more than \$500,000 of withheld wages to creditors, she adds.

Who are the people behind the statistics? Most often, they are working men like Franchot Tone Reed, a 29-year-old tire mounter for a Chicago-area truck manufacturer, who learned of garnishment the hard way.

In 1964 Mr. Reed traded his 1956 Plymouth in on a 1950 Cadillac and signed an installment sales contract to pay \$1,200 for the aging car in 48 weekly payments of \$25. After he defaulted, the dealer repossessed the car and had Mr. Reed's wages attached to pay off the contract. The deduction took 15% of his pay, the legal limit on garnishments in Illinois.

To "get cut loose" from his debts and the garnishment, Mr. Reed filed bankruptcy late in 1964. Last year, Federal bankruptcy court in Chicago discharged Mr. Reed of \$2,195 in debts, including bills for jewelry and clothing as well as the costly old Cadillac.

TRIGGERING BANKRUPTCY

As this case suggests, there is a connection between mounting garnishments and the steady rise in the number of personal bankruptcies in recent years. "Garnishment frequently triggers bankruptcy," says Linn K. Twinem, chairman of the American Bar Association's committee on consumer bankruptcy.

A record 180,323 bankruptcy cases were filed in Federal courts in the fiscal year ended last June 30, up from 171,719 in the prior year and 110,034 five years earlier. Bankruptcy filings this year are expected to top 200,000. Personal bankruptcy filings account for 91% of the total.

Mr. Twinem says there is a "close relationship" between the severity of a state's garnishment law and its bankruptcies. California, which has a relatively tough garnishment law, led in bankruptcy filings in fiscal 1965 with 33,656. At the other extreme, three populous states that don't allow garnishments have dramatically lower bankruptcy-filing totals: Pennsylvania had 1,133, Florida 958 and Texas 661.

Garnishment often causes workers to lose their jobs. Many employers fire employees whose debt problems lead to excessive wage attachments, arguing that company handling of garnishment paperwork and court appearances by employees are costly and time-consuming. The Cook County Credit Bureau in Chicago surveyed 1,100 employers in 1964 and found that processing a single garnishment costs a company from \$15 to \$35; the estimated cost of garnishments to the surveyed employers totaled \$12 million annually.

Few companies will discuss the firing of workers for garnishments. A personnel official at one General Motors Corp. plant near Chicago confirms union reports that 45 men were discharged at the plant for that reason last year. Another Chicago manufacturer admits firing "25 or 30" men for garnishments.

Union officials liken the practice of firing debt-burdened workers to the medieval custom of locking debtors in prison. "Under both practices, the debtor has a harder time paying his bills," says one. Most companies say they try to keep a man as long as he is making sincere efforts to straighten out his debts.

Employees fired for debt problems often wind up on relief rolls, social workers say. In a study of 827 persons applying for general assistance relief, the Cook County Department of Public Aid found that about 9% of the applicants had been fired from their jobs due to garnishments.

REFORM MOVEMENTS

Organized labor campaigns annually to ease the impact of garnishment laws on debtors, and this year the drive is picking up steam. Unions are pushing legislators in many states to increase the amount of wages exempt from garnishment. These exemptions vary widely at present, from 50% in California to 90% in New York; in some states, the exemption is a flat amount, such as \$100 a month for a family-head in Mississippi.

In Illinois, where Gov. Otto Kerner is considering calling a special legislative session this year, the state AFL-CIO wants the wage exemption raised from 85% to 90%, with the minimum amount safe from attachment set at \$65 weekly rather than the present \$45. Unions in Illinois also want abolition of wage assignments.