

This practice has been followed by many employers in the past. Some permit one or two garnishments without disciplinary measures but others will immediately discharge an employee when a garnishment is served.

My examination of bankrupts at first meetings of creditors disclose that between 60 and 70 percent of bankruptcy filings are the direct result of wage garnishments. Many individuals are being driven into bankruptcy who actually owe relatively small sums, but whose wages are under attachment. They are financially overextended but if given an opportunity to pay their debts could do so within a reasonable period of time. The triggering cause of bankruptcy is the wage garnishment.

I have often wondered whether companies seeking new locations prefer to locate in States where wage garnishments are not permitted. This seems logical as there can be no doubt but that garnishments are disrupting and costly both to the employer as well as to the employee.

I have often heard it said, principally by collection agencies, that creditors could not collect their debts unless wage garnishments are permitted. This premise is apparently not true in those States where wage garnishments are not permitted since their economic growth equals or exceeds that of Tennessee where wage garnishments are permitted. Nor do I believe it would be true if wage garnishments are prohibited by an act of Congress. It would result, however, in a more judicious extension of credit. Clearly too much credit is being extended today and too many loans are being made not on the basis of the debtor's character, integrity, or ability to pay but solely because the lender or creditor knows that if debtors do not pay, their wages can be attached.

My conclusion in this respect is fully supported by a survey made some years ago by the Chattanooga Retail Credit Men's Association in which they reviewed in detail some 200 bankruptcy cases. Their report indicates that only 8 percent of the bankrupts covered in that survey had a good credit rating; 92 percent had either a poor or fair rating. Yet credit was extended to those individuals to such an extent that bankruptcy resulted. One of the association's conclusions is as follows:

Some tradesmen appear inclined to extend credit more on the strength of the fact that they can sue and garnishee than they would be, were it not possible to enforce payment in this manner.

If wage garnishments are prohibited, the inclination to oversell or overlend would not be so prevalent. I have observed hundreds of bankruptcy cases where five or 10 loan companies hold hundreds of dollars of loans against the same household furniture which, if foreclosed upon, would have almost no value. These loans were made not on the debtor's ability to repay or the security which had been pledged but simply because the loan companies knew that the debtor's wages could be attached if he did not pay.

If consumers are not loaded down beyond their capacity to repay, they will have funds available to pay their legitimate debts. I firmly believe that the vast majority of bankrupts really want to pay their debts but, because of low sales resistance and garnishment statutes, they find themselves in an impossible situation and, once wage garnish-