

ness & Economic Research of Michigan State University the following conclusion should be noted.

* * * of the bankrupts interviewed, 80 percent indicated that they had been threatened with garnishment. For many debtors, garnishment may mean short-term or long-term loss of income. Often the exemptions do not provide enough take-home pay to live on until the next pay check. Furthermore, if garnishment causes loss of employment, many debtors find it difficult to find new jobs. Faced with such bleak possibilities, debtors may find the threat of garnishment as frightening as actual garnishment. Of the bankrupts interviewed, 75 per cent indicated that garnishment or threat of garnishment was the reason for their filing for bankruptcy. There is little doubt that an individual in Michigan undergoes severe financial strain when garnisheed.

The proposed finding expressed in section 201 of H.R. 11601 that the garnishment of wages is frequently an essential element of predatory extensions of credit and that the resulting disruption of employment, production, and consumption constitutes a substantial burden upon interstate commerce is in my opinion fully justified. Remedial action should be taken.

Mrs. SULLIVAN. Are there any of these kind of examples ever written up in the press to let people know what is happening?

Mr. BARE. The local press, the papers in Knoxville have carried extensive stories on this opinion and on other opinions which I have written dealing with the same matter.

In the last legislature a bill was introduced to prohibit the flipping of loans, but the bill was not enacted. The report of the legislative committee was made in 1958. Flipping of loans still has not been prohibited.

Mrs. SULLIVAN. I am afraid the people who go in debt and borrow in this manner and pay such exorbitant charges probably would never read the story if it would appear.

Mr. BARE. Chances are they would not, that's true.

Mrs. SULLIVAN. This is the kind of thing we want to bring out. I am sorry we don't have the audience here today that we have had in the past seven hearings, because these are the stories that people need to hear, and need to know. I don't think I have read—and I do read the papers carefully—I haven't read examples like this in the newspapers. We have to go into the courts to find out the details and to find out about the horrors people are going through.

Mr. BARE. These are not isolated examples. There was a case that came before the Court of Appeals in Tennessee not too long ago involving this same question, the "flipping" of loans. I have a copy of their opinion and I would also like to file it. My opinion was based upon the opinion handed down by the Court of Appeals in Tennessee.

Mrs. SULLIVAN. Without objection we will make it part of the record. (The opinion referred to may be found in the appendix, p. 971.)

Mrs. SULLIVAN. There is one other survey you mentioned.

Mr. BARE. I mentioned the survey which you referred to, the Credit Men's Association.

Would you like to have a copy of that?

Mrs. SULLIVAN. Yes. We will make that part of the record.

(The survey referred to may be found in the appendix, p. 974.)

Mr. BARE. I also mentioned in my prepared statement the conclusion reached in an analysis of economic and personal factors leading to consumer bankruptcy which you referred to.