fighting men, having spent time in California either in training or in transit to the Pacific theater of operations, found in California a way of life they desired, and at the conclusion of World War II the influx of new residents reached its peak. This steady flow of persons has continued to this date. We have welcomed these people and they have made our State the most populous in the Nation and they have contributed much to the industrial growth of California.

Many of our new citizens came to California without jobs and heavily in debt, so we inherited the problems that they thought they left behind. From personal experience I can state that I have presided at hearings on a bankrupt's petition in which not one single California creditor was listed.

They came back from the East—Oklahoma, Michigan, Virginia—we have had them. The creditors finally catch up with them and they seek to collect their moneys. So, we get those kind of people very frequently.

Of equal importance has been the relaxing of credit restrictions. In my opinion, perhaps the most frequent cause of bankruptcies is the relaxing of credit restrictions.

Individual debt, not so long ago discouraged and regarded with suspicion, is now encouraged. More than encouraged; debt today is merchandized as extensively and skillfully as any commodity, notwithstanding occasional pious reminder to "never borrow money needlessly." The communication media that touches a family's life constantly urges it to buy on "easy" terms, to open charge accounts with "nominal" monthly service charges, to get a new car at "bank" terms, travel now and pay later—whether the family can afford it or not.

Many researchers in the field of consumer credit have concluded that a person can become addicted to excessive credit buying just as one becomes addicted to alcohol, narcotics, or gambling.

I would like to relate one very intersting experience which points up how easy it is to obtain credit. I think this applies nationwide, not only to California.

Shortly after I became a Referee in Janauary 1963, I had a hearing on a bankrupt's petition. The bankrupt was a seaman second class stationed at the Long Beach Naval Shipyard. He listed approximately $2,000 in debts, of which over $1,700 was owing to one of the better known department stores in Long Beach. During the course of the examination of the bankrupt the court inquired as to the nature of this indebtedness and was advised by the bankrupt that between December 1 and December 15, 1962, he had purchased over $1,700 worth of merchandise to be sent to his relatives and friends back East as Christmas presents. While you might say that the gentleman had a little larceny in his heart, I think you might have some criticism of the department store for being so lax in their credit procedures.

As a referee I do not like to see creditors sustain losses but I must conclude that in most cases the creditor has in many respects created the very problem from which his loss arose. Each of us are paying for these losses when we pay our monthly bills. The creditor merely adds to the normal price a sum sufficient to write off these losses.

Reference is now made to some specific California statutes which relate to the legislation before this committee.