

42 Yale L. J. 526 (1933)). That was followed in 1935 by a statute limiting assignable wages to 25 percent and limiting the effectiveness of the assignment to 3 years. Later reports indicated that the situation was not much improved—see Satter, "Wage Assignments and Garnishment Cited as Major Cause of Bankruptcy in Illinois," 15 Per. Fin. L. Q. Rep. 50 (1961)—and in 1961, when Illinois liberalized its exemption from garnishment, it also amended the wage assignment law to limit assignable wages to 15 percent. As previously indicated, the rate of personal bankruptcies in Illinois has consistently declined since 1961. A few States have by statute prohibited such wage assignments and others, like Illinois, limit the amount of wages assignable and the period of time the assignment may cover—see Annotations, 137 A.L.R. 738 (1942); 37 A.L.R. 872 (1925)—but in many States they are valid and enforceable in the courts. Hence, to complete the job, I would suggest a new subsection (b) of section 202 reading:

No person shall take any assignment of the future earnings of another in the form of wages, salary, commission or bonus as compensation for personal service, and all such assignments shall be void and unenforceable.

If the committee were to adopt my suggestion of a limit on earnings protected from garnishment, and considered a similar limit appropriate for wage assignments, the new subsection (b) might read:

No person shall take any assignment of the future earnings of another in the form of wages, salary, commission or bonus as compensation for personal service save for the amount in excess of \$285 per week, and no such assignment shall be valid and enforceable save for such excess.

If either of these proposals were adopted, present subsection (b) of section 202 should be redesignated subsection (c) and amended to cover violations of either subsection (a) or subsection (b).

In conclusion let me anticipate that there will doubtless be testimony that the abolition or restriction of wage garnishments and assignments will bring ruin to the institution of consumer credit. Any witness taking this position should be invited to explain data presented to a California legislative committee by the Associated Credit Bureaus of California, and summarized by Mr. Brunn at pages 1239–1243 of volume 53 of the California Law Review, which indicates that installment credit thrives as well in Alabama where 75 percent of wages are exempt from execution, in California where as a practical matter only 50 percent is exempt, and in Colorado which exempts 70 percent for heads of families and 35 percent for single persons, as it does in Texas and New Jersey with 100 percent exemptions, or in New York with a 90-percent exemption, or in North Carolina which exempts up to 100 percent where needed for support of the debtor's family.

Thank you.

Mrs. SULLIVAN. Thank you very much, Mr. Countryman.

(The full statement of Mr. Countryman and a draft of a uniform consumer credit code provision on garnishment follow:)

STATEMENT OF VERN COUNTRYMAN ON H.R. 11601

My name is Vern Countryman. I am Professor of Law at Harvard Law School. I have been teaching the law of creditors' rights and bankruptcy since 1946, save for a four-year period, 1955–1959, when I practiced law in Washington, D.C.

I do not appear here to testify on all aspects of H.R. 11601. I am not an expert on consumer credit—a subject I have just begun to study. I have gotten only far enough in my efforts to know that reliable information on the subject is