the total of its outstanding loans is lower than the volume of consumer credit extended through banks and sales finance companies for dealer paper. These lesser lenders, nevertheless, have done pretty well for themselves so far.

With personal loan companies no goods are involved, of course, except for the chattels that may be put up as collateral. And these chattels, in most cases, are not actually a security for a loss so much as a potent threat of punishment against a delinquent borrower whose one and only broken down bed, although worthless, is quite important to him. At bottom, what personal loan companies and the rest of these lenders, who have no insurance set-up like a dealer reserve, depend upon to assure repayment of loans is police power. The auto dealers, too, fall into this group with the paper returned to them by lenders.

In advance of court action, collection procedures are tried, independent collection agencies may be called in, but early in the game references to legal action are a part of the collection pressure; and finally, garnishments or other judgments that become claims against real property are the inevitable punishment for the debtor who does not, or cannot, pay.

The buyer who signs the paper that makes him a debtor is seldom aware of how directly he has hazarded his total resources when he gives in to sales pressure. But the lenders and sellers are aware. They know how the law reads and how they would like it to read and how to change it, in session after state legislative session, to mold it closer to their objective of making police power a more effective and to them a less costly debt collection tool. What their efforts amount to, of course, is the creation of an even larger public subsidy for debt collection. Thus the country sheriff becomes a backstop for the salesman.

The tricks and strategems of the lender in the debt collecting process produce almost as many snares and pitfalls for the borrower as to those of the seller who induces buyers to become borrowers. Even among people whose social experience has been wide, there are only a few who are aware of how a debt can be, and is, escalated through the debt collection process; of how, for example, through a $195 debt a man can, as one did not long ago, lose a $5000 equity in his home. Here is an area of present-day living that we know little about. The debt collectors don't publicize it for the most obvious of reasons, and the debtors conceal it in shame. People don't like to talk about their debts.

Not only has the number of bankruptcies, for example, increased at an astonishing and puzzling rate during our great prosperity, but the percentage of those bankruptcies that are family, as opposed to business, financial failures has risen steadily. Today over 90% of the bankruptcies are consumer bankruptcies; the debts listed for the courts are debts for consumption purposes. Among the creditors listed by bankrupts, there are nearly always three and sometimes more personal loan companies. Usually these borrowings are consolidation loans, instalment personal loans at high interest rates—from 24% to 42%—to pay up other interest-bearing debt for goods. This kind of borrowing leads down a steep path to other loans for consolidation again and again, and interest on interest escalates the indebtedness at a tragic rate. A harbinger of things to come may lie in the fact that instalment personal loans, which account at present for about 25% of the consumer credit extant, are the most rapidly rising form of consumer debt today.

Why are so many people going bankrupt? Why, is it that on an up-curve of good times and with an unparalleled sustained increase in prosperity over many years bankruptcies multiply to unprecedented high figures?

One of the recent issues of U.S. News and World Report devotes a special feature to this inquiry.

U.S. News and World Report is hardly an ultra liberal publication it must be pointed out. It corroborates what many have been saying with grave warnings. A great deal of the cause originates out of the greed of retailers and the weakness and injustice built in bad state laws.

Annual loss from personal bankruptcies, says U.S. News and World Report, is one and one-half billion dollars, and the figure is going up. Experts clearly put the blame on the abuse of easy consumer credit. Bankruptcies have tripled in ten years. Say USNWR:

To most experts in the field, the main factor is the lure of easy credit. "A dollar down and a dollar a week" has given way to "no cash down and no payments for three months," or "no payments until spring," or ". . . until summer."

One leading authority is Linn K. Twinem, who for eight years has been chairman of the consumers bankruptcy committee of the American Bar Association.