Mr. Twinem tells "U.S. News and World Report" that about 1.5 billion dollars will "go down the bankruptcy drain" this year. That is counting personal bankruptcies only.

There are many reasons why people get "overextended on their debts," says Mr. Twinem. Many people, he explains, are "Misguided or misinformed" on money matters.

To most federal bankruptcy referees who face nearly a year's backlog of cases, ignorance and easy credit are the villains.

One of these referees says there are two big reasons for the bankruptcy boom.

"One," he says, "I believe that credit is too easy. Second, credit is too expensive for the poor. A fellow buys a trailer for $4,000, and by the time he's through paying for it he has forked out $2,000 in credit charges. How crazy can you get?"

The race to keep up with the Joneses, consumer-credit counselors say, is being encouraged by some merchants, who use highly aggressive tactics in selling all sorts of consumer goods on credit.

Too many young families, these counselors say, cannot resist what looks like an easy way to enjoy immediately the good life that their parents waited decades to achieve.

Other factors cited: harassment by bill collectors and, in some states, laws that make garnishment of workers' wages so easy that many families feel driven to bankrutcy as the only way out.

What can be done? We believe that a beginning will be made by the passage of H.R. 11601. The need for outlawing garnishees has also been amply demonstrated. All too often they lead to harassment on the job at the very least and not infrequently loss of job. Moreover, in many cases the consumer was never properly served. "Sewer Service" is prevalent in many instances and most frequently the poorer the person the more likely that they were not served at all. It goes without saying, that these are also the people who can least afford to lose their job.

No comfort is to be found in a quirk in the consumer credit picture. A study, "The New Dimension in Mortgage Debt," published by the National Industrial Conference Board, reports that—

"Savings in the form of building up home equities by the consumer sector as a whole have abruptly abated. The annual withdrawals of equities now are approaching the annual amortizations on mortgage debt."

Cash realized by consumers through refinancing first mortgages or taking out second mortgages rose, according to the NICB study, from $4 billion in 1960 to $10 billion in 1963. On the basis of those totals and their rate of increase during the three years from 1960 to 1963, it is reasonable to postulate an annual withdrawal of home equities of $20 billion in the not too distant future. "Although in some instances home owners may decide to refinance to obtain better mortgage terms," comments the NICB, "cash is generally the sole objective . . ." And among the reasons for seeking cash the report lists "consolidation of short-term debt."

Refinancing or second mortgages for needed cash has been promoted by a segment of both sellers and lenders for a number of years but such promotion, especially for second mortgages, has been stepped up sharply. Unlike the refinanced first mortgage that usually runs 20 to even 30 years, the second deed is generally a short-term debt running for 36 to 60 months. Although the rates on these loans are quoted as from a 6% to 12% simple interest (depending on state real estate laws), the actual cost of such borrowing is much higher because, in addition to interest, other charges such as brokerage fees, finder's fees, investigation costs, etc., are levied as a front-end loan against the sum borrowed. The result is that the borrower may receive an amount that is as much as 30% to 40% less than the face of the note he signs. A *New York Times* (October 19, 1964) discussion of the rapid growth of second-mortgage financing cited the example of a debtor who, in return for $3000 cash, signed a second mortgage note for $5,075.

One business propaganda agency for the promotion of credit sends thousands upon thousands of booklets into our schools, publishes hundreds of analyses and fact books for our press, and is now establishing advisory and counselling services for debtors in city after city, is, as you might guess, really representing the sellers—the same sellers who tell us that they make more on the debt than they do on the goods. Here is where debt for consumption purposes in our times, in 1967, differs from that of other days. Extensions of consumer credit in the far, far past were understood to be exploitations of dire need. Extensions of consumer