

"Someone buys too much on credit and gets into difficulty. The creditor puts on the pressure for payment. If he gets no results, he hands over the case to the collection agency and they pull no punches . . .

"The collection agencies will push people all the way. They get a percentage of whatever they recover, so they're out to get as much as they can. "They'll pressure and harass a debtor with telephone calls, demands, threats and warnings about wage garnishments.

"Often they push so hard the debtor has no alternative but to go bankrupt. But the collection agencies don't care. They have no financial investment. If the man pays, they get their cut. If he goes bankrupt, they lose nothing and move on to the next case.

DISPUTES FIRMS' STATEMENT

"The small companies which oppose the bill say they will stop sales to the low-income worker if this bill goes through. But I know this isn't true, because they sell now to the welfare recipient and there is nothing they can attach there.

"I believe that if this bill is passed the bankruptcy rate will drop. There are always some people who try to get out of paying their bills, but most people are honest. They want to pay their debts to keep a good credit rating, because when you have a low wage, this is the only way you can live, on your credit.

"If you give a person who is hard pressed a chance to work out his problems, and he doesn't have the immediate pressure of losing half his wage, or even his job through too many garnishments, he may not be forced into bankruptcy.

"Sometimes, I wonder why people can't see the simple truth. If a man can keep his head above water, he can keep on paying his debts. If you push him beyond his endurance, he goes under, into bankruptcy. Then his debts are canceled out.

"I can't see that anybody gains from that."

WAGE GARNISHMENT

Wage garnishment is a collection method used by creditors to force payments on an employee's debts by requiring the employer to deduct payments from the employee's earnings before he receives his paycheck. Garnishment is a dangerous prospect for the wage earner because it reduces his available income for other day-to-day expenses, and because of the possibility he may lose his job, due to the employer's unwillingness to become involved in the garnishment process. (New York this year became the first State to prohibit discharging an employee solely because his pay is garnished.)

Garnishment laws include some protection for the debtor by exempting a portion of his earnings from the garnishment proceedings, to enable him to continue to support himself and his family. The portion of wages that may be garnished is limited to some extent in 48 States, the District of Columbia, and Puerto Rico; in a few of these States it is very strictly limited. Wages are not subject to garnishment in Texas and Pennsylvania.

The exemptions, and the circumstances under which they may be claimed, vary greatly from State to State. Some jurisdictions exempt a percentage of the worker's earnings, while others exempt a specified amount. Sometimes the exemption is allowed only to a head of family or only to residents of the particular State. Under some laws, it is still possible to garnish a worker's wages for two or more debts at the same time. Thus some States give more protection to a debtor than others. For instance, the California law exempts 50 percent of the worker's wages in all cases, and up to 100 percent if necessary for the use of the debtor's family, except for debts for necessities. In actual fact, however, a very small minority of those garnished obtain an exemption of over 50 percent due to the complexities of the law. In Maine the exemption is \$30 for the preceding month. On the other hand, Hawaii exempts from garnishment 95 percent of the first \$100 per month, 90 percent of the next \$100, and 80 percent of the balance.

Sometimes the debtor must specifically claim the exemption himself or must prove to the court that the family needs his earnings. The person living in poverty and ignorance is not likely to be aware of his rights, and in some cases his entire paycheck may be garnished.

There seems to be a direct connection between the number of garnishments and the number of personal bankruptcies. Studies have shown that States which have