be indicated by the age distribution of the general population is undoubtedly the reflection of the lack of correlation of needs and income over the life cycle. In addition to the rising expenses of a young growing family, there is a need for a substantial amount of durable goods. This occurs at a time of low and unstable income; thus, this group is prone to use credit. With aging, income normally increases and becomes more stable while expenses stabilize; consequently, there is less need for credit.

Data available on use of consumer credit by age groups, although less than might be desired, support the preceding observations. During 1962, a higher proportion of spending units under 35 years of age used installment credit than any other age group. Sixty-one per cent used credit.[6] While 45 per cent of the individuals 45–54 years old used installment credit, only 32 per cent of those 55–64 used it. Note that the groups with high and low use of credit correspond to those with high and low bankruptcy rates.

Education, Occupation, and Income

The bankrupts' level of education was higher than might be expected. The median level of education for the bankrupt group was 10 years versus 10.4 years for the community (Table 3). However, examination of the data indicated that the bankrupts had a higher drop-out rate in the first three years of high school than did the community members in general. Few bankrupts were college educated.

Given the lack of college training and the failure to finish high school in many cases, it should not be surprising that 94 per cent of the bankrupts are blue-collar workers versus 69 per cent of the general male population. A further consideration, the extent to which each group uses credit, should not be overlooked. Blue-collar workers appear to be more frequent users of installment credit, 59 per cent for skilled and unskilled workers as compared to 42 per cent for clerical workers based on 1957 data.[7] Nevertheless, more bankrupts are blue-collar workers than would be indicated by the credit use data.

Considering that the bankrupts' education and occupation are somewhat at variance with the community, the difference in income is less than might be expected. The median incomes for the bankrupts and the community were $4,656 and $5,078 respectively (Table 4). Income data are based on 482 cases. It is clear that bankruptcy is not limited to the lower income groups. Sixty-three per cent of the bankrupts had income of $4,000 or more while 43 per cent had $5,000 or more. Although there is considerable variation in income among bankrupts, the income of most bankrupts is fairly stable within a given income bracket. Forty-eight per cent reported no change in income in the six months preceding bankruptcy and 28 per cent had an increase. Thus, only 24 per cent experienced a decline in income. Data on the amount of spouse income was not available, but only four per cent of the spouses reported a decline and 87 per cent remained the same. Apparently most families did not experience a decline in income just prior to bankruptcy.

Rate and Mobility

Due to the problems that often face minority groups, the racial composition of the bankrupts is of importance. Apparently there is a tendency for some to think that the Negro rate will be more than proportionally represented. Data in this study do not support such a conclusion. There was a proportional representation between the Caucasians and Negroes with eighteen per cent of the community being Negro and the same relationship prevailing among the bankrupts.

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[6] George Katona, Charles A. Liniger and Richard F. Kosabud, *1962 Survey of Consumer Finances* (Survey Research Center, University of Michigan), p. 69.

[7] *Consumer Installment Credit Growth and Import,* Part I, Vol. I (Board of Governors of the Federal Reserve System, 1957), p. 113.