

enced a rapid population expansion during these years, the difference is striking.

It might be objected that Iowa has so few bankruptcies that a small numerical rise produces a big percentage increase and that this limits the validity of the comparison. To test this objection, Iowa might be compared with another state having few bankruptcies. Nebraska in 1957 had the same number as Iowa—431. Nebraska's increased to 953 in 1963, a "growth rate" close to that of the country as a whole and far below Iowa's.¹³¹

California has a per capita rate of personal bankruptcies more than five times as high as New York.¹³² That again does not prove that garnishment laws account for the difference, but what does? It has been suggested by a collection agency spokesman that the large number of newcomers to the state contribute to the difference.¹³³ This does not rule out the role of garnishments, even if it is assumed that many of the bankrupts are recent arrivals who rush too enthusiastically to buy all the things they regard as necessary for the California way of life, or who meet economic disappointment. Recognizing that overextension of credit—to newcomers or oldtimers—may well be a key factor underlying bankruptcy, it is garnishments that often push the debtor over the edge.

Even collection agencies grant that without wage garnishments there would be fewer personal bankruptcies. They argue that this would be because then there would be no way to compel a debtor to pay his debts.¹³⁴ This contention raises the important question of the need for wage garnishments as a collection device, the question considered next.

¹³¹ Nebraska filings were 431 in 1957, 511 in 1960, and 953 in 1963. *Ibid.* The foregoing data may be summarized as follows: Between 1957 and 1963 bankruptcy filing in the United States as a whole increased 111%, in Nebraska 121%, in California 132% and in Iowa 302%.

¹³² During the year ending June 30, 1964, New York had 5033 nonbusiness bankruptcy filings, California 29,651. 1964 ANNUAL REPORT Table F-3.

¹³³ *Hearings* 35 (testimony of Joseph L. Weissman, Counsel for the California Association of Collectors).

¹³⁴ ACA BANKRUPTCY STUDY COMM. 22: "Bankruptcy rates are low in states like Texas and Florida only because there is no necessity for the debtor to file since the laws are so lax he cannot be put to more than slight inconvenience and never be legally forced to pay anyway." The "lax" laws are the 100% wage exemptions granted by Texas and Florida. The quoted statement is particularly enlightening in view of the publication's contention that a state's garnishment laws have nothing to do with the bankruptcy rate. See also *Hearings* 13: Raising the exemption "may lower the number of filings because there would be no reason to take bankruptcy if they cannot be forced to pay anyway. The number of bankruptcy filings would no doubt decrease in those states where garnishment laws were relaxed, but the number of people not paying their bills would actually increase." (testimony of Robert C. Kopriva, Legislative Chairman, Associated Credit Bureaus of California, quoting from an article by David Earl in the *Collectogram*, September 1963—the official bulletin of the Oregon Collectors Association).