

comparing the situation in California to that in another state which is unregulated:

"Our files here on two such firms operating in this area are complaint free, however the files do not go as far back in information as 1957, when you advised legislation was enacted in this field. Therefore I cannot compare today's situation with what may have existed prior to that legislation.

"I do know, however, that because there was a lack of such state legislation in Nevada, our office in Reno had many complaints about debt prorating services. However, those complaints were mainly against one or two proraters and were not evenly spread amongst all those in that field of business."

Financial counselling services have developed in response to demand. At the present time in this country, consumer credit is being extended at the rate of one-half billion dollars a month. In 1946, credit extended to consumers amounted to only 6 billion. By 1967 it amounts to a figure in excess of 97 billion. \$11.6 billion is absorbed annually in interest charges on this consumer indebtedness alone. This does not include interest on home mortgages.

There has also been a serious lag in education in consumer credit living to keep pace with the rapid expansion of consumer credit extension. It has been estimated that 30% of families in California are unable to meet the monthly obligations they have incurred. Throughout the past decade there has been a tremendous increase in wageearners' bankruptcies and home foreclosures, even in these times of prosperity. Federal Reserve Board figures indicate that 32% of families are spending more than they earn. Thus, the need is to help such families work out plans to pay off their obligations, and educate them in learning to live within their incomes. For the professional in financial counselling does not just help "pay the bills," he advises, counsels, and—as one national magazine puts it—"Is part father, part psychiatrist, part accountant and even the 'economic confessor' to his clients."

In 1965, a survey indicated that in that year professional credit counsellors interviewed 189,150 families. Of this number, 58,800 were counseled without fee. This number included two categories of consumer-debtors: those whose problems could be solved with some advice and a few telephone calls to creditors on their behalf. The remainder were those so hopelessly mired down in debt that they could not be helped by credit counselling services. One hundred and thirty thousand family financial programs were instituted by counsellors, which means that 130,000 families are being returned to good credit standing as a result of being taught principles of sound financial management.

It cannot be overemphasized that the primary and continuing responsibility of the credit counsellor is to relieve the consumer of the burden of indebtedness and teach him to live within his means.

It should be noted that the small business man has long had available to him similar services to those we offer the individual. Boards of Trade, Wholesale Credit Managers Associations, and so on, do for the business man just what we do—give him the opportunity to rehabilitate himself and liquidate his obligations in an orderly way.

Now, recognizing that a need has been created and a service developed to fill that need, why should there be opposition to regulatory legislation for the protection of the consumer using such services? Where there is such opposition, three questions should be asked: Who opposes it? Why? Whose interest is served by such opposition?

There is a segment of the financial community which specializes in high rate loans. There is a tendency on their part to prefer that the consumer-debtor resort to Chapter Thirteen as a solution for his difficulties, rather than use the services of credit counsellors.

In 1956, for instance, I visited an individual who is a representative of one of the national loan companies. At that time, he was disturbed and upset because I had taken issue publicly with certain credit grantors, feeling as I did that they were concerned more with the quantity of credit they could extend than they were with the quality of it. I felt this was a danger to the debtor and the creditor, as well as to the economy itself.

This individual told me that I was fanning the flames of Communism and giving them material to use in their criticism of capitalistic Practices. He also contended that there was no danger of delinquencies as a result of overextended credit. Ten years later, this same person is lamenting the tremendous increase in personal bankruptcies, but he attributes this to every other cause but his own industry's practices, still denying that overextension of credit is the root cause of the problem.