

I am particularly impressed with one part of Mr. Austin's talk, that section relating to financial counseling. It has been my good fortune to have been asked several times to talk on the subject of "family financial counseling" before credit unions and state credit union leagues.

There is a big opportunity here for credit union people, certainly in relation to advising borrowers. As you know, I author a syndicated column on the subject of family money. The column is entitled "Dollars & Sense" and is syndicated by the Register and Tribune Syndicate of Des Moines, Iowa. Because of this specialty of mine I am asked to speak rather frequently before interested groups.

But some of the members here have asked me to explain another of my occupations too, and I guess this ties in with Mr. Austin's talk. I am a practicing family money-manager, sometimes called a debt-adjuster, or debt counselor. Besides that I, with the help of my staff in Des Moines, act as trustee under Chapter 13 of the Federal Bankruptcy Act. This court plan often is called the "Wage Earner Plan" since it allows wage earners to pay bills under a court-appointed trustee, rather than file straight bankruptcy or skip town. Basically, it does the same for people in debt as we do for them under our voluntary program, except that in most cases we can do it less expensively out of court and with less stigma. The court in general deals with lower-income people.

I have been a private financial counselor for some nine years. I have been a court trustee for over four years and at this moment am a trustee for about 300 families. We also have about that many under our private program.

Yes, we charge a fee, less than that of bankruptcy courts, and far less than certain lenders. Although all of us do a great deal of "free" work. In fact, except for the Family Service Agency of St. Paul, no social agencies get much involved in this debt mess. They lack the knowhow or the funds, or both. And they might cross swords with some of their biggest contributors.

But I can see by the look on your faces, and by questions posed, that you think debt-adjusting is some social malignancy. To be sure, it was outlawed in New York State and in a few other areas before the established firms in this work were able to counterattack. We were about as under-financed as this group and simply were unable to match dollars with easy-credit firms, small loan outfits, and their legal representatives. The lenders had great influence in many supposedly altruistic societies, bureaus and associations. They still have.

To be sure, there were some bad actors in our field, as there are bad actors in all fields, but the good firms out-number the bad, although the good ones get far less attention. The truth of the matter is that we got in the road of some of the chain lending-firms and apparently scared the wits out of them. They could imagine their high-rate outstandings dwindling under the sincere advice of counseling firms, which were springing up over the land. So they tried to outlaw us, after first smearing us with all the propaganda mediums at their command. It was just that simple.

Take the New York example. The only debt-adjusting firm of any impact there was owned and operated by a pair of lawyers. What a twist. But Jacob Javits and the legislature absolutely refused to hear our side of the story. Several newspapers and bar associations were opposed to the outlaw bill and came out openly against it. It was called a "lawyers' grab", but it was in reality a loan company coup.

The same thing happened in a few other states, and it certainly proves one thing: You have to organize in order to survive in this kind of a society. But it also proves that strength of certain private lending agencies and credit associations, and what they will do to stifle competition or a threat to their profits.

So we did organize, into the American Association of Credit Counselors, and we were able to get a few good laws passed, such as the one in California and in a few cities such as Cincinnati, Ohio. No more states are likely to do what New York did; that is, deny the competent people the right to exist.

We started out with about 25 members five years ago, and still have but 28. We tried to get more members but this is a highly specialized type of work; not many people are qualified and willing to put in the many hours of work at relatively low pay. This is not big business and never will be.

So I wish the credit union movement lots of luck in its efforts to make financial counselors or adjusters out of some 26,000 managers.

This is a sorely needed type of work and you don't make counselors overnight. To give you an idea of the caliber of men in our national organization, we have Price Patton in Chicago, who has written several books on the subject of money-management. There is Morris Purdy of Detroit who has lectured before the Credit Union Management Association and many large groups. Both these men have been operating for over 20 years.

There is our President, Harry Kasson of Cincinnati, Morris Rabinowitch of San Francisco, John Hickey of Davenport, Iowa, and quite a few other sincere counselors across the land. Unfortunately, Minnesota has, in my opinion, a very bad law. It does not set fees of the counselor nor does it specify how he may collect those fees. This type of work needs regulation, if for no other reason, we are dealing in many cases with relatively low-incomed people.

But we are proud of our record and welcome any visits to our respective offices. Some of you already have been in mine. We can show you that we rehabilitate the vast majority of our customers at reasonable cost. I hope your organization can give this whole subject of family financial counseling more time in a future session. There is a great deal of misunderstanding, much of it planted by hostile sources.

I have wandered away from Vance Austin's speech, but what I have said certainly ties in. Mr. Austin and I were together in California just a few weeks ago. In conclusion, may I say this in dead seriousness. I was very sympathetic when Mr. Austin related how some of the big private entrepreneurs were hostile to the credit union movement, perhaps because of the word "union" or because of the cooperative nature of the movement. It seems the car industry and the bigger retailers were particularly non-cooperative at first.

Now we are faced with a reverse situation. I and other little entrepreneurs in the private debt-adjusting business, that of counseling and helping indebted families, now must look for recognition and support to the big credit union movement, at this date well established. We have come full circle.

When I make speeches before credit unions, I sometimes feel I am putting myself and perhaps my associates out of business. But I am wholeheartedly on the side of the credit union movement and enjoy the meetings, so I will have to cross the fearsome bridge when I come to it.

Thank you all for being such good listeners.