

## Why You Shouldn't Feel Guilty About Filing for Bankruptcy

(This is an excerpt taken from page 7 of *How to File for Chapter 7 Bankruptcy*, Nolo Press)

The American economy is based on consumer spending. Roughly two-thirds of the gross national product comes from consumers like us spending our hard-earned dollars on goods and services we deem essential to our lives. If you ever had any doubt about how important consumer spending is to our economy, remember that President George W. Bush wasted no time after the events of September 11, 2001, in urging Americans to spend more. And many other government leaders told us that spending was our patriotic duty. As Americans, we learn almost from birth that it's a good thing to buy all sorts of products and services. A highly paid army of persuaders surrounds us with thousands of seductive messages each day that all say, "buy, buy, buy."

These sophisticated advertising techniques (which often cross the line into manipulation) convince us to buy. And for those of us who can't afford to pay as we go, credit card companies are relentless in offering credit to even the most deeply indebted of us. In fact, billions of credit card solicitations are mailed to U.S. residents each year--roughly ten solicitations for every man, woman, and child. And, perhaps surprisingly, the largest growth sectors for credit cards are college students and people with bad credit ratings. The college students are targeted because they are customers of the future--and because their parents can be expected to bail them out if they get carried away with their new purchasing power. And people with bad credit are solicited in large numbers because creditors have discovered that they will pay huge interest rates for debts run up on their cards, which leads to equally huge profits.

Readily available credit makes it easy to live beyond our means and difficult to resist the siren songs of the advertisers. If, because of illness, loss of work, or just plain bad planning, we can't pay for the things we need, feelings of fear and guilt are often our first responses. But, as we've also seen, the American economy depends on our spending--the more, the better. In short, much of American economic life is built on a contradiction.

In this age of billion-dollar bailouts for poorly managed financial institutions, should you really feel guilt ridden about the debts you've run up? That's something only you can decide, but remember that large creditors expect defaults and bankruptcies and treat them as a cost of doing business. The reason banks issue so many credit cards is that it is very profitable, even though some credit card debts are wiped out in bankruptcies and never repaid.

Bankruptcy is a truly worthy part of our legal system, based as it is on forgiveness rather than retribution. Certainly, it helps keep families together, frees up income and resources for children, reduces suicide rates, and keeps the ranks of the homeless from growing even larger. And perhaps paradoxically, every successful bankruptcy returns a newly empowered person to the ranks of the "patriotic" consumer. If you suddenly find yourself without a job; socked with huge, unexpected medical bills you can't pay' or simply snowed under by an impossible debt burden, bankruptcy provides a chance for a fresh start and a renewed, positive outlook on life.