Those with cards owed, on average, $4,588 on the general purpose cards and $1,965 on the specific purpose cards. There is probably considerable overlap among the two groups of cardholders. If the overlap were as extensive as it could be the average card debt for a bankrupt would be about $6,400. Based on some rough adjustments to data provided in the Finance Committee Report we can say that this is about four times the level of debt of the average card user with debt.

We must be cautious, however, when interpreting this finding. The average card-using bankrupt has a relatively large amount of credit card debt. But at the time of bankruptcy credit card lending may have been the only type of lending available to the individual—credit card debt ballooned near the time of the bankruptcy, but this was a result, not necessarily a cause, of financial distress.

The second caution is that there may have been some intentional misuse of credit card borrowing by persons who were going bankrupt. Again, this would inflate the figure for credit card borrowing but would not mean that such borrowing was the cause of bankruptcy. In this case, it is the option of bankruptcy—an option eventually taken—that led to the borrowing.

The third caution is that credit card borrowing was not the major type of borrowing by those who went bankrupt. Total liabilities of those with general purpose cards was $31,984; total liabilities of those with the specific use cards was $29,987. Credit card liabilities are thus about a fifth of total liabilities. (The random sample included one unusual personal bankruptcy—total liabilities of $703,132—that increased the average total liabilities by 4 to 5% but does not affect the general conclusion that credit card borrowing was about a fifth of total liabilities.)

One might argue that credit card borrowing was the straw that broke the camel's back. But it seems more likely that the figures show a general problem with all types of credit—or an unexpected fall in income.

The second question is related. Do credit card issuers lend money too readily? Evidence presented to the Committee suggests that the answer is no. The first piece of evidence concerns the credit requirements of those issuing cards. Retailers appearing before the Committee stated that they reject 40% of all card applications and try to keep bad debt below 2% of outstanding balances.