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Let's Make It Cool to Save

By Michelle Singletary

A coalition of consumer advocates, public policy groups and academics wants to attack our country's dependence on debt by creating a national campaign much like the one used to curb smoking.

It's a good idea given the current economic crisis. Maybe people might benefit from a snappy way to put a stop to their accumulation of debt. How about "Thrifty is nifty"?

Okay, probably a little corny. But the idea of a nationwide advertising campaign has a lot of merit. It certainly has worked for the debt pushers.

The organizations leading this effort include the Institute for American Values, the Institute for Advanced Studies in Culture, the New America Foundation, **Public Agenda**, Demos, the Consumer Federation of America, and the National Federation of Community Development Credit Unions.

"We are trying to change attitudes," said David Blankenhorn, president of the Institute for American Values. "We would like to put in a good word for thrift as a value and a practice."

The coalition is holding a conference in Washington tomorrow and Tuesday and has issued a report, "For a New Thrift: Confronting the Debt Culture."

There's no major revelation in the 68-page report. It merely lists the many ways debt has taken down so many people.

Foreclosures, which soared to more than 1 million in 2007, are predicted to affect about 2.5 million households this year. Consumer

bankruptcy filings are also up significantly.

Of course, there is the mortgage meltdown. And now auto loan and credit card delinquencies are also rising.

But even before the subprime debacle, many people were struggling with debt. The Federal Reserve recently reported that consumer credit increased by \$15.3 billion in March, to \$2.56 trillion.

"Millions of families today feel the American dream slipping away," the coalition's report says. "They are losing hope of escaping from the cycle of over-indebtedness, holding a good-paying job, or moving up the income ladder."

So who's at fault for all this indebtedness?

Is it the consumers?

"Clearly, human frailty is part of the story," the report says. "Some people get over their heads in debt because of their own profligacy and irresponsible choices."

Are we a nation of debtors because it's what's best for the overall economy?

To be sure, the ceaseless temptation to overspend is also part of the story, the coalition leaders say. And just blaming or railing against consumers won't fix our debt problem. We've got to look at the financial institutions, or anti-thrifts, as the coalition calls them.

"There is this imbalance between institutions that want you to save and build assets and institutions doing the opposite," Blankenhorn said.

It's these anti-thrifts -- payday lenders, auto-title lenders, credit card issuers, subprime-mortgage lenders, private student-loan companies, and state-owned and sanctioned lottery operations -- that have created a climate where being thrifty isn't the norm anymore.

"The anti-thrifts have worked relentlessly to reduce the traditional inhibitions and stigma associated with over-indebtedness," the report says.

To combat the culture of credit, the coalition has come up with a number of proposals:

- Promote the use of credit unions, which often offer lower-cost financial products.
- Encourage financial institutions to move into low- to moderate-income neighborhoods and provide low-interest consumer loans. For example, in Appleton, Wis., the Prospera Credit Union has teamed up with Goodwill Industries of North Central Wisconsin to create GoodMoney, where consumers can get short-term loans that are much cheaper than they can get from a payday lender.
- Create a Financial Product Safety Commission modeled after the Consumer Product Safety Commission. This idea comes from Elizabeth Warren, a professor at Harvard Law School, who argues that consumers can't independently rate the safety of financial products -- just as they cannot with consumer products. This new agency would, among other things, establish consumer disclosure rules, review

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new financial products for safety and require modifications of excessively dangerous products.

- Use state lottery outlets to encourage people to save by selling "savings tickets." Under this proposal, lottery outlets would sell interest-bearing savings bonds. If you bought a bond, you would be eligible to receive a cash prize through a drawing, similar to a lottery. The bond could be redeemed at any time, but the longer that the owner holds it, the greater the bond's value.

Coalition leaders argue it's time to use the same tactics as the financial institutions and state lotteries to capture people's attention.

To start, how about playing off Capital One's ubiquitous ad slogan, "What's in your wallet?"

The thrift initiative could advertise instead: "What's in my wallet? Cash!"

Or what if they turned the popular "Got milk?" slogan into "Got cash? You've got choices."

Media are powerful, and with the right message, I think this coalition can renew the value of thriftiness and get people to curtail their credit usage.