

Diverse Coalition Offers Proposals for A New Thrift Culture

Overindebtedness has become an American way of life. A groundbreaking report from a broad coalition of American leaders is now calling for institutional and cultural changes to address today's debt culture. **The report proposes 5 major objectives and 19 specific initiatives to** create a new thrift culture that would promote savings and sustainability.

The Institute for American Values will release the report, entitled "**For a New Thrift: Confronting the Debt Culture,**" at a national conference in Washington, D.C. on May 12-13, 2008. Cosponsored by the **Institute for Advanced Studies in Culture, the New America Foundation, Public Agenda, Demos, and others,** **the report is signed by** 62 national leaders and thinkers.

Among the report's **signators and commission members** are **David Blankenhorn** from the Institute for American Values, **Ray Boshara** from the New America Foundation, **Tamara Draut** from Demos, **Don Eberly** from the Civil Society Project, **Robert M. Frank** from the Johnson Graduate School of Management, Cornell University, **Francis Fukuyama** from Johns Hopkins University, **William A. Galston** from the Brookings Institution, **James Davison Hunter** from the Institute for Advanced Studies in Culture, **Clifford N. Rosenthal** from the National Federation of Community Development Credit Unions, **Michael Sherraden** from the Center for Social Development at Washington University in St. Louis, **Ronald J. Sider** from Evangelicals for Social Action and **Barbara Dafoe Whitehead**, Co-Director of the National Marriage Project, Rutgers.

Families are juggling high balances on a fistful of credit cards, raiding equity in their homes to pay for immediate needs, and putting their faith in the lottery as the only way to get ahead financially. Teenagers and students are burdened with credit card and student debt before they start out in life. More than one out of three Americans today say they have felt their financial situation was out of control at some point, and about one in every seven families report that at some time in their lives, they experienced financial problems severe enough to have caused them to file for bankruptcy or use a credit consolidator.

Many observers cite personal irresponsibility and the ceaseless temptation to buy more as the reason for today's debt culture. And consumerism is certainly part of the story. But, as the report argues, there is another, often overlooked, reason for the problem. The financial environment, like the natural environment, has changed in ways that are unhealthy, unsustainable, and unthrift.

In recent decades, a host of new predatory lending institutions have moved onto the malls and Main Streets of Applebee's America. In the private sector, they include payday lenders; some franchise tax preparers; auto title lenders; subprime credit card issuers; subprime mortgage lenders; and private student loan companies. "Anti-thrift" institutions promise "fast cash" and "free money" at usurious interest rates and trap many Americans in a cycle of debt. The public

sector has its own anti-thrift institution: the state owned and operated lottery. Lotteries relentlessly promote gambling as the way to wealth and send the cultural message that luck is the way to get ahead financially.

To combat the anti-thrift institutions, the report – and its signators – call for the creation of a pro-thrift institutional environment that would encourage financial health, regular savings and wealth building for all Americans. Among its recommendations are:

- A public education campaign for thrift modeled after the public education campaigns to reduce smoking and drunk driving
- Increased support for existing thrift institutions like the credit unions and development of new thrift initiatives that provide low-interest consumer loans and savings as alternatives to the payday lenders
- Repurposing the state lottery to include a savings ticket feature
- Return to usury rate caps on small loans
- Establish Matched Savings Accounts for Children
- Expand and improve school savings programs

There is no embargo on this story. To assist your coverage or commentary of the attached report, we welcome an opportunity to arrange an interview or meeting with you.

Related Media and Photography:

The “For a New Thrift” report is accompanied by a visually fascinating companion exhibit, entitled “Thrift: In Search of the Art of Living Well,” which will display hundreds of thrift artifacts at the D.C. conference on May 13th and thereafter in a traveling exhibition. Sample photos are included in the accompanying online pamphlet, which provide a pictorial lesson as to how thrift historically appealed to women in their domestic life, the importance of thrift in mobilizing citizens during times of national crisis, how thrift educators reached out to children, and the importance of thrift to conservationists and environmentalists. An extensive photographic library of this rare collection is available to the media.

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