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How 'Debt's Grip' Shows Up In Consumer Bankruptcies: Part 2

By [Clara Geoghegan](#) · 2025-10-14 13:16:04 -0400 · [Listen to article](#)

Published in August, "Debt's Grip: Risk and Consumer Bankruptcy" looks at a sample of U.S. Chapter 7 and 13 consumer bankruptcies filed between 2013 and 2023, painting a picture of people's debts, demographics and lives before bankruptcy.



In 'Debt's Grip,' a multidisciplinary group of professors highlights recent trends in consumer bankruptcies, such as shifting demographics and the time debtors spend struggling financially before filing for bankruptcy. (iStock.com/Gam1983)

"Debt's Grip" is the latest book to come out of the Consumer Bankruptcy Project, a long-term interdisciplinary research project on consumer bankruptcies in the U.S. that began in 1981. While the reasons behind the filings have changed little, the demographics behind the filings have shown more seniors, single women and Black people now going bankrupt.

Recently, Law360 spoke with the book's authors — Pamela Foohey, a University of Georgia

School of Law professor, Robert Lawless, a bankruptcy professor with the University of Illinois Urbana-Champaign College of Law and Deborah Thorne, a sociology professor at University of Idaho.

[In the first part](#) of this two-part Q&A, the researchers described their process and findings, as well as the very personal pain of some filers. Here in part two, they discuss the people and policies behind the data. The interview has been edited for length.

Law360: The book uses data to paint a picture of the years before people filed for bankruptcy: how long they struggled financially, how they tried to drum up more money, what costs and necessities they cut back on. Was there anything that surprised you?

Lawless: What surprises me is the raw percentages of people who go without things like food or medical care. Those are things that we don't expect to happen in a country like ours that has the resources we have, but there's a lot. There was the story of the guy who still has, I'm not gonna get this exactly right, but still has pins in his leg because he can't afford the surgery to take them out. That brings that home.

Foohy: When I present this to my students in law school, they are surprised by how long people struggle, what they will go without, that they're not filing for bankruptcy immediately and that they are not what you would call strategic filers — they're not running up their debts before they file. For me what was surprising, even though it wasn't surprising, was that in the data you can see the type of domestic abuse that is financial abuse show up in bankruptcy of women from their ex spouses or ex partners — the women writing about how they left their situation after economic abuse and then filed bankruptcy, in part because they were saddled with debts from their abusive situations.

Law360: In addition to seniors and women, you also found Black households and filers were overrepresented in bankruptcy filings. What drives these demographic differences? Why does it matter?

Foohy: When we present the book, sometimes we say we wrote a book about bankruptcy that is not all that much about bankruptcy. It is what happens economically and socially outside of bankruptcy that is reflected in the bankruptcy system.

In terms of Black households, just to zoom in on them in bankruptcy, they're

disproportionately in bankruptcy most likely because they pay more for basically everything in society while facing disparate impact or discrimination, however you want to call it, in multiple aspects of their life. So they end up paying more for homes and cars and goods and services, which drives up their expenses. They face lower wages and higher costs of education, which drives down their income, which should all lead to having a higher likelihood of experiencing financial problems, defaulting on debt and ending up in a debt spiral that ends up in bankruptcy. You can say the same thing for women. You could also add in the fact that women bear the caregiving responsibilities, particularly with child care and elder care, which leads to issues with holding down a steady job.

Lawless: With seniors, it's a reflection of pulling back on pensions, pulling back on medical. Economic fault lines of society are driving those demographics.

Thorne: There's older people behind every one of those numbers.

One of the big pickles with these 401ks is that you can withdraw. You couldn't do that with the pension. You can withdraw your money if a crisis happens, there's a lot of crises in life, and so people do. Social Security was never meant to replace all of your income, it was supplemental. It was structural changes and policy choices that put people in this precarious position as they aged. It really struck home, because they can't go back into the workforce.

Bankruptcy initially strikes one as a very individual experience and very individual decision, when in fact it's part of larger structural pressures. I think we do a wonderful job of illustrating that, whether it's with race or with gender or with age.

Law360: What do you think policymakers should take away from this book? What should everyday people take away?

Lawless: For policymakers, the writ large thing is we've got to stop this offloading of risk on individuals. Everything from better funded education so people aren't running up big student loans to better medical care so people aren't having to go way out of pocket, to well funded retirements.

There's things for the bankruptcy system as well. There's the gatekeeping problem of people being shuffled into Chapter 13 because they can't afford a Chapter 7, that could get fixed. The bankruptcy system itself right now doesn't do a great job of measuring people's ability to pay. People should pay their debts when they can. We're not in favor of people being able to walk

away from debts that they can pay. But the system right now does a really lousy job of filtering out people who can pay from people who can't.

Foohey: There's also policy inaction as policy, which we bring up in the book a couple times. I think the biggest locus of policy inaction has been with employment and employers and the allowance of wages to remain really stagnant. There's no ability to save for retirement when you can't make enough money to really make ends meet and put away savings and also that you can't count on your employer to keep you around and you shuffle in and out of employment.

This goes from the shift from 1981 to now, there's been a fundamental change in how the family structure of the United States works. The people who have to take care of children and are elderly can't do it with how employers view their employees. So the government has to step in and say, we have a child care and elder care system, or it should be put on employers in a more structured way.

In terms of what people should take away from the book, we would love people to pick up the book and read it and see that other people file bankruptcy and it's not the end of the world and it can help them when there's no other solution. But also that it is a system right now where you probably need an attorney if it's going to help you. It is not something you should be ashamed of at all.

Thorne: I would completely agree with Pamela about it's not something you should be ashamed of. People will often say they were terrified of it. They were afraid their family would find out. It's in the legal system, which is so foreign to most of us, it's scary. But people will often say, once they met with their attorney for the first time they felt so relieved.

It's going to sound rather black or white, but moving forward in this country, we have to establish policies that, once again, have the welfare of the citizenry at the center of the issues. They must take precedent.

--Editing by Alex Hubbard.

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