

Mr. HANNA. It seems a great deal of light has been turned on the abuses of the credit seller, but it seems to me that there have not been—there has not been a very significant input in terms of the buyer credit abuser because to me they are just as much the enemy.

Mr. DOUGLAS. Through borrowing when you are not going to repay and so forth, that is right. That is an abuse. If you know of some way of removing that abuse I would favor it.

Mr. HANNA. We do not have any figures on that.

Mr. DOUGLAS. No, we do not. I think it would be interesting to get the various credit groups to give the percentages of nonpayment. In the past those have been, so far as personal loans are concerned, relatively low, but I would like to get those percentages. This is one reason why I never favored these usury laws of 6 percent. Six percent is altogether too low a figure for a consumer on personal loans because in addition to the difficulty of administration there is also—there are many small accounts and there is also, as you say, the danger of nonpayment. So I would be opposed to these laws which say the interest rate should not go above 6 percent.

Mr. HANNA. A related question, in all fairness, we have to keep an eye on the level of tolerance of the low credit system as to the credit availability. In your studies have you had any input which you can say, taking away all of the available remedies, or a certain number of remedies for the credit given, reducing the amount of return on the credit in terms of percentages would make a certain class of credit unavailable for certain people?

Mr. DOUGLAS. I do not think so.

Mr. HANNA. Can we say as reasonable men you have to anticipate there is a certain point at which remedies are reduced and interest rates are reduced and credit will not be available to certain segments of society?

Mr. DOUGLAS. You mean that the interest rate might be so high that they would not accept it or simply decide some people should not have any credit?

Mr. HANNA. That is right.

Mr. DOUGLAS. That is quite possible. That even if the rate were stated the lender would not want to lend. The lender should have that right not to lend.

Mr. HANNA. I just bring this up because I think at some point we have to consider this as part of the overall problem. Although myself, I am in very strong agreement with the bill and I intend to support it and I think you have to use this other input. In other words, say, what are you doing? Because I do not think the people are going to thank you if you turn up with a bill that tells them you cannot get any credit.

Mr. DOUGLAS. I would be willing to join others at an appropriate time in pointing out some of the costs of lending which make, for instance, a 6-percent loan in my judgment uneconomic and people with high risks should pay higher rates. But why not state it? That is all.

Mr. HANNA. I think we could safely say that the mass product of availability has more or less come about through our division of labor for the making of the product and the division of payments for consumer products and both of these have had some contribution to the dynamics of movement of goods in America, would you not agree?