

were first considered—but I did become active in 1927 when I became treasurer of a credit union and in the early 1920's, one of the reasons for the development of the credit unions was that people's pay was being garnished—we call it trustee. And in many cases that meant that the employer insisted that he had to settle that case or lose his job.

Some men who couldn't pay bills were placed in this kind of problem and we made loans to this man to release the trustee in order for him to maintain his job. So that we did have some experience with garnishment.

On the other hand, I was very much interested in what the chair-lady said about certain people who have talked to her because certain people have talked to me, too, and have said they are very much concerned with the effect this is having upon the membership in their credit union.

What I tried to say, Mr. Gonzalez, is, that I don't think we are prepared to take a definite stand because the matter needs, from our viewpoint, further clarification. I would say that in the movement we have differences of opinion.

Mr. GONZALEZ. That is the reason I wanted to draw you out on that clarifying statement, because the way it is written you may not necessarily have intended it that way. You are saying:

The establishment of a Federal usury statute and the prohibition of garnishments and cognovit note are matters that need to be studied more extensively before appropriate action can be taken.

It seems to me that what you are saying there is:

We do not know enough about it but don't you take action whether you do know enough or not as a result of these hearings.

That is what I wanted to get.

Mr. STONE. We are hoping as a result of these hearings that the Congress would make the Commission study the problem in order to make recommendations. Perhaps then we would get this information so that we may take a position.

Mr. GONZALEZ. That is why I wanted to clarify it.

Thank you very much.

I have no further questions at this point in time.

Mrs. SULLIVAN. Mr. Ellis, the REA co-ops have enjoyed good borrowing terms, but your members frequently have to pay very high credit costs on farm equipment and other things.

Do you favor the provisions in our bill of an 18-percent ceiling on finance charges?

Mr. ELLIS. We have not studied it with respect to the 18-percent ceiling. But we do favor the bill in general. Credit is drying up in rural areas more and more. Every time another family picks up and goes to town it may affect the credit in the whole area.

It may help close down a little bank, a branch bank or a bank itself. People aren't losing money on bank failures any more, but banks are still being closed out. Local credit sources, department stores, local stores, and others, as there are fewer people to trade with them, have to close down entirely. Some cannot give credit as more and more people pick up and go to the city leaving more and more poor in these areas to drain upon the existing institutions.