

Another woman bought a watch priced at \$59. When she fell behind in payments she was garnisheed for \$113 including finance charges and legal fees. Another jeweler valued the watch at \$19. Is it any wonder that in riots in Detroit and other cities, rioters also destroyed installment records in local credit stores?

One can say that these people should be more careful, and should buy from reputable merchants. Without doubt such buyers are innocent and trusting. But the question before this country today, is whether we should permit laws that enable unscrupulous sellers to take advantage of innocence and trust.

It is noticeable that the States with the toughest garnishment laws have the highest bankruptcy rates including California, Ohio, Virginia, Michigan, and Minnesota.

I think the bankruptcy referees Friday presented a good case in presenting that information in detail.

Colorado, with much less population, had about 4,300 bankruptcies and wage earner plans in 1 recent year, compared to only 1,000 in Texas and Pennsylvania which do not permit garnishees. Virginia, with less population than Florida which does not permit garnishees, has eight times as many bankruptcies. Ohio, with about the same population as Texas, has about 50 times the bankruptcies.

Certain installment dealers and finance companies in various cities alone produce hundreds of garnishees. A study reported by Dr. Milton Huber, of the University of Wisconsin, found that in Milwaukee County, of 6,744 garnishees in 1 year, 805 of them were by one finance and loan company; 783 were by one credit clothing and jewelry store; 640 came from one furniture and appliance store.

Mrs. SULLIVAN. Mr. Margolius, I am going to call time for two reasons. I understand that you are recovering from a bout of tonsillitis and we want to conserve your voice so that we can discuss these points with you further and also we want to hear from Professor Morse. I know that all of the committee members have a lot of questions to put to both of you, so we will have Professor Morse summarize his statement and then go into the questioning.

Mr. MARGOLIUS. I just want to make one point for the record that the credit business would not suffer if garnishments are removed.

I have a letter from the manager of the Fort Worth, Tex., Credit Bureau who tells me that there is no more of a problem collecting debts in Texas which has no garnishees than in other States which do have garnishments.

Thank you very much.

Mr. SULLIVAN. We will have your entire statement placed in the record at this point.

(The full statement of Mr. Margolius follows:)

STATEMENT BY SIDNEY MARGOLIUS

My name is Sidney Margolius. I reside at 74 Davis Road, Port Washington, New York. I am a writer specializing in consumer economic problems. In addition to books, pamphlets and magazine articles, I write a syndicated consumer column published by 105 trade-union, consumer co-op, credit-union and other newspapers with a combined circulation of 14 million. I have devoted myself solely to reporting on consumer economic problems for over 30 years.

In the light of this experience, I would say to this committee that family money losses arising from high-pressure credit selling today have become a serious