

really did not save money on food by having a freezer. They found they still have to pay the whole bill though they no longer have the goods. Sometimes people signed contracts for lessons or gymnasium courses, and even though a health reason may require them to drop out, even though the gym or judo club closed up, they still had to pay for all the lessons plus the finance charge. The things that go on are really incredible. Florence Rice, a New York antipoverty worker, tells about a woman who bought a TV set. It turned out to be for DC current. She had AC in her apartment. The seller refused to take it back. She threw it out. The seller simply threatened to get a garnishee. The woman now is paying off a total of \$516, at \$7 a week, even though she has nothing to show for it. Can you believe consumer peonage?

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. Colorado, with much less population, had about 4300 bankruptcies and wage-earner plans in one recent year, compared to only about 1000 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 6744 garnishees in one 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.

Jasper Rowland, Manager of the Akron Better Business reports: "We have two retail establishments and two used-car dealers who entice poor credit risks into further debts and then use the garnishee route to enforce their collections."

In one recent year just one Akron retailer filed 1500 garnishments. This and another store accounted for almost 20 per cent of all garnishments in Akron.

In Detroit, where 52,000 garnishments were filed in 1965, Jerry Dale reported in the United Auto Workers *Solidarity*, that the top filers included five leading small-loan chains and a group of large credit clothiers, credit jewelers, furniture and television stores.

The New York City Labor Commissioner in 1966 said that some installment sellers deliberately run their businesses on the basis of getting garnishee if a buyer misses just one payment.

If businessmen are against government intervention in their affairs, and in dealings between buyer and seller, then they should absolutely agree to eliminate garnishments. For garnishments are state intervention in its most drastic and naked form. This is government intervention on behalf of the seller and lender to compel a debtor virtually forcibly, to pay debt, without his agreement, often without even a fair trial by court, without usually a genuine examination of the seller's claims.

There just is no need at all for garnishments from any point of view that of legitimate business as well as consumers. Sellers and lenders in the few states which do not permit garnishees do not suffer any greater losses than those in others. Garnishees are not permitted in Texas. I have a letter on file from the Fort Worth Credit Bureau stating that Texas merchants have no greater credit losses than those elsewhere.

Nor does the credit business really suffer. Berkeley Municipal Judge George Brunn points out that the ratio of installment credit to total sales varies little among hard-garnishee law California, Colorado and Alabama; mild-law New York, and no-garnishee Texas, Florida and North Carolina.

H.R. 11601, the consumer credit protection bill your subcommittee has produced, is the real bill of rights for consumers, and equally of benefit to busi-