

money to him. They cut the same piece of property into four quarters, and they surveyed it four times so there were four survey costs for the same piece of property.

This is the kind of crazy business that goes on. I say throw first mortgages back into the bill and what will happen is that the blended rate will be disclosed. If the lender can't get a sufficient return from interest, he will get it out of the surveying or appraisal fees or some other system. But as far as I am concerned, as a consumer, let me know the blended rate.

Time is upon us, so I think I will conclude here, Madam Chairman, and stand ready to defend any of these points.

Mrs. SULLIVAN. I think we all have a number of questions that we want to put to both of you gentlemen. You both have made excellent statements.

Mr. Margolius, from your wide readership in so many union and other newspapers, you have probably been in a better position over a longer period of time than any other person to tell us about the problems of the individual in coping with the foolishly tragic use of credit by people who were tricked or enticed into going into debt heavily over their heads.

We discussed extensively, during our hearing with the bankruptcy referees last Friday, the vicious practice of using garnishment as a selling tool—as the main ingredient of determining a buyer's potential as a credit risk. Certainly it is true that most reputable firms use this weapon only as a last resort—and then, only sparingly. But we touched only briefly on the deficiency judgment resulting from repossession. Tell us, from your knowledge and information how this usually works—where the buyer has lost possession of the product but owes fantastic amounts on something he no longer has. And tell us how you think we can cope with it.

You gave us some examples in your prepared statement.

How can he cope with this? What does he do?

Mr. MARGOLIUS. The buyer at this point has no way of coping with it because the credit laws are established altogether on the side of the seller. There has been some question raised about whether this new credit bill would be a Government intervention in private enterprise. The garnishment is the most naked form of Government intervention. It is Government intervention on the side of the seller. Time after time, it works this way.

A woman had bought a vacuum cleaner in New York City. It didn't work well and she brought it back to the seller to have him repair it. He refused to repair it and said that service was not in the contract. So she left it there. She saw no point in taking it home. She got a notice that she had been garnisheed.

Incidentally, she never received the actual summons. There is a good deal of incidence of "sewer service" in the States that have garnishees,