Mrs. DWYER. I am just wondering how many people then are being turned down because they cannot afford this credit or they cannot afford to buy the merchandise—will they then go back to the places they shopped before and continue to buy there when they are turned down because they are a bad credit risk? What happens to these people?

Mr. WILLETT. In some cases it would be my assumption that if the local agency is not able to help them find a place where credit is more reasonable because of the facts that they are a bad credit risk, that that particular person might not now be able to acquire the particular thing he is trying to buy. I am not completely certain—I have a feeling that quite often this is perhaps best for the person trying to buy that article, just as well as it is for everyone else—perhaps he would be better following the advice given to him by the local community group that is trying to help him, postponing the purchase of this article until he has a better credit rating.

Mrs. DWYER. I wonder if the gentleman, Mr. Smith, would comment on that as far as this law is concerned?

Mr. SMITH. If a poor credit risk is turned down by a legitimate businessman due to the fact that he just doesn't want to take the risk on this particular person, and if he has it in his heart that he wants this merchandise, he is going to go back to this person, and while he may pay this same rate of interest, he is going to pay a higher opening selling price.

In other words, the selling price may be $15 or $20 additional to what the ordinary businessman would charge. And this is the way of getting around the finance law and compensating for the greater credit risk and higher losses.

Mrs. DWYER. Thank you.

Mr. SMITH. You just can't regulate a person when they want to have something and desire something. They are going to go for it, and we as credit grantors or credit counselors have advised them against doing so because of the fact that they cannot afford it, their debts are too outstanding—but they simply want this and they will go back to the smaller businessman who will charge them a higher price and still only charge them the maximum of 18 percent, but this is a way of getting around the 18 percent.

Mrs. DWYER. In other words, you cannot legislate against the desires of the people if they want something.

Mr. SMITH. That is correct.

Mrs. SULLIVAN. If the gentlelady will yield, the garnishment laws may also be a factor in determining whether the credit is extended. Under Massachusetts law, I believe, they can collect anything over $50 out of the weekly wages of the debtor.

Mr. SMITH. However, it is very difficult to garnish wages in Massachusetts—very, very few businessmen resort to this. It is better to enter a legal suit and then if the customer so desires, to voluntarily repossess the merchandise and wind up the case.

Mrs. SULLIVAN. Have you found in your business, which I understand is quite extensive, that most of the people want to pay their bills?

Mr. SMITH. 99.99 percent of all the people are honest people. It is a very, very small segment of the buying public who will try to get away from paying their bills.