

in half and his family is having a real tough time. I think the Senate should have put the clamps on garnisheeing a man's pay when it passed the Truth-in-Lending bill."

Members of the National Council of Senior Citizens, who have written on Truth-in-Lending, agree with Congressman Jacob Gilbert of New York, who said in a speech on the House floor that "... perhaps no proposal (before Congress) has more to recommend it than the Truth-in-Lending." They ask with Congressman Gilbert:

"How can any Member of Congress dedicated to the public interest be against regulations designed to assure honesty in the marketplace?..."

Consumer credit has become an area of the most severe exploitation of the poor. It takes the form of deception often leading to garnishment often with the loss of jobs. Even when disaster does not result, exorbitant interest charges are a constant drain on family income.

The lenders' profit from consumer credit is not peanuts. Consumers now owe \$95 billion of which \$75 billion is for installment credit. The interest charge on this debt is a whopping \$13 billion a year.

The relationship between consumer credit and garnishment is highly important. Even the threat of garnishment is enough to compel a wage earner to pay through the nose for a deceptively sold product because, frequently as not, garnishment can cause loss of employment.

It is no accident that states with the harshest garnishment laws usually have the most consumer bankruptcies. For example, California authorized garnishment up to half of a debtor's wages. It has a bankruptcy rate five times greater than New York which allows garnishment up to no more than 10 per cent of wages.

Increasingly, due to high pressure advertising, desperate debtors go to a small loan company to "consolidate" their debts. Highest charges for credit are charged by these outfits. The people who pay them can least afford to pay these charges.

Interest rates are set by state law at 2 to 3½ percent a month on small loans. This is the equivalent of 24 to 42 percent interest a year. Typical is the 3 per cent a month charge on loans ranging from \$150 to \$300.

Some of the most pitiable victims of the burgeoning small loan industry are the elderly on whom some of these loan company blood-suckers show no compassion whatever.

The National Council of Senior Citizens joins with Betty Furness, the recently named Special Assistant to the President for Consumer Affairs, in insisting that: "At a time when our lives are run more and more on credit, the least we can do is permit a borrower to know exactly how much he is paying for a loan or credit purchase."

Mrs. SULLIVAN. Mrs. Newman, I think you have a statement. Can you summarize yours in 10 minutes?

Mrs. NEWMAN. I will be glad to try.

STATEMENT OF SARAH H. NEWMAN, GENERAL SECRETARY, NATIONAL CONSUMERS LEAGUE

Mrs. NEWMAN. One of the things that have impressed me is that we don't argue any longer about whether we ought to have truth in lending or not. Apparently industry has joined consumers in their recognition that this is actually needed.

The important thing now is to decide how—what kind of bill we are going to get out of the Congress.

I think the best way to summarize my statement is to indicate the ways in which we prefer H.R. 11601 over the bill passed by the Senate, S. 5.

Our main objection to S. 5 is that it exempts a large part of revolving credit transactions from having to disclose the annual rate.

One of the arguments used to persuade the Senate committee to exempt this segment of the industry was that revolving credit constitutes