(4) GARNISHMENT

Madam Chairman, a Federal antigarnishment law is long overdue. You are well aware of the vicious repercussions of garnishments. Many employers, rather than undertake the costly procedure to garnishee wages, will discharge the worker. Or the worker, driven by the threat of discharge or loss of reputation, will seek out other loan companies to pay off the original loan. Eventually, many of them end up in the hands of the "loan sharks."

Garnishment increases the security of the creditor thereby making them willing to extend credit to borrowers that they otherwise might not accommodate. The protection, which the creditor thus obtains, makes him most eager to entice the wage earner into his tender trap.

Stripped of this privilege the lenders will be more cautious in their extension of credit. The labor movement has consistently opposed the garnishment of wages. It is reminiscent of the days when workers were thrown in jail until such time as they would pay their debts. Now, instead of seizing his person, they seize his wages and, in many cases his job.

Last year the Wall Street Journal carried an article indicating that at the Inland Steel plant in East Chicago, Ind., each pay period the company makes deductions from about 2,000 production employees—all of whom are members of our union. Inland annually pays out more than $500,000 in withheld wages to creditors.

Even the editorial page of the Journal remarks that:

> In their own interest lenders could stand a stronger dash of self-restraint. By paying a little less attention to boosting their business and a little more to a borrower's actual ability to repay, they not only would protect their own solvency but possibly head off new restrictive legislation.

Inland Steel has written to Congressman Annunzio expressing their concern that these garnishments not only are a heavy financial burden to the company but that "this repayment device may well lead to the extension of credit to wage earners in situations where credit more reasonably might be withheld."

Mrs. SULLIVAN. Your attachments will be made part of the record.

We previously had a letter from Inland Steel that Congressman Annunzio inserted in the hearings.

Mr. ABEL. I, too, have a copy of Inland's letter and I would like to attach that to my statement.

Mrs. SULLIVAN. That will be done.

Mr. ABEL. A recent study conducted by the Labor Department "How Garnisheed Workers Fare Under Arbitration," which appeared in the May issue of the Monthly Labor Review, mentions that a worker's going into debt, like any other off-duty conduct, generally should be of no concern to the employer. However, if defaulted debts are subject to garnishment, then arbitrators tend to treat this the same as off-duty misconduct and uphold the right of the employer to discharge the worker.

Mrs. SULLIVAN. That, too, without objection will be made part of the record.

Before you continue, Mr. Abel, I want to announce that we will recess for a few minutes in a little while but if any of the members