

already in the field of advising and protecting the consumer. It has far more expertise in the fields of retail selling and advertising, has a history of dedicated efforts to protect the consumer from unjust, illegal and fraudulent practices, and has an efficient system for monitoring advertising for investigating complaints and for instituting the type of proceedings called for to bring about compliance with this legislation.

I am sure that the members of this committee are aware that placing a law on the statute books does not in itself accomplish the end objective of providing adequate protection for the American people. I urge that you make every effort to provide the best mechanism for vigorous, efficient, and fair enforcement in the consumer credit field.

We Should Abolish Wage Garnishments

The UAW and the IUD would like to go on record in strong support of the provisions of this bill that would outlaw wage garnishments. The device of garnisheeing wages is used with abandon by numerous unethical merchants who prey upon unsuspecting workers with their easy payment schemes. The tragic results are pay envelopes reduced to the point where workers can hardly support their families, inconvenience and extra costs for employers, substantial court costs imposed on taxpayers, disciplinary suspensions which make it even harder for workers to repay their debts, and outright dismissal and loss of employment. Unscrupulous merchants often use the courts as a collection device without even attempting to use other legitimate means of collection. They often sell goods on credit when they know a worker is already over-extended in debt, with the knowledge that they have a sure-fire method of collecting the payment.

Legitimate businesses with substantial reputations are able to collect on bad debts without resorting to garnishments. Merchants and creditors in Texas, Pennsylvania, and Florida, where garnishments are outlawed, have learned to adjust their collection practices without ill effects or any noticeable reduction in the volume of retail sales.

The statistics on the extent of garnishments are staggering. In just one court alone in the City of Detroit, the Common Pleas Court, 55,000 garnishments were issued in 1966. It is estimated that 95 percent of these garnishments were issued by default where the defendant never defended himself from becoming garnisheed. This took place in spite of the fact that this court is a liberal court in dealing with this issue, and has established a conciliation system to attempt to settle debts without having to attach wages.

A most unfortunate side effect of the garnishment system is that the courts often become the "enemy" in the eyes of the poor. They become further convinced that the society which they come to know as the "system" only works against them and grinds them down.

A revealing study conducted among low income families in New York City uncovered the fact that one out of every five of the families interviewed had been threatened with garnishments, had their wages garnisheed, or had goods repossessed. Typically, low income families faced a major crisis of this type whenever the chief breadwinner became ill or unemployed.

The problems the poor face arising out of garnishments often go hand in hand with direct exploitation by merchants. In the same study in New York City mentioned above, David Caplovitz cited as typical this experience of a 28 year old Puerto Rican man:

"I bought a set of pots and pans from a door-to-door salesman. They were of very poor quality and I wanted to give them back but they wouldn't take them. I stopped paying and told them to change them or take them back. I refused to pay. . . . They started bothering me at every job I had. Then they wrote to my current job and my boss is taking \$6 weekly from my pay and sending it to pay this."

An additional problem which compounds the consumer problems of low income families is the fact that these families often do not know where to turn to for help if they are cheated by merchants. Even if they do know where to go for help, they are usually unable to obtain it. The New York City study pointed out that 64 percent of the families interviewed did not have any idea of where to obtain help against unscrupulous merchants. Furthermore, only nine percent of the families who encountered these problems actually sought professional help, although more than one-third cited a source of help that they knew about.

It is apparent to the UAW and the IUD that Congress must take additional steps to protect the consumer and to eliminate unethical practices in the mer-