Finally a word about the Commission on Consumer Finances. As you may know, in my role as City Administrator I am actively opposed to the proliferation of government agencies. In fact, this administration is deeply engaged in a major reorganization that would consolidate our own municipal agencies into more rational, simplified and above all fewer, administrative structures. On the other hand, I am aware of the need to focus substantive national attention on the problems of consumers and to build an official body of information, expertise and authority on this vital subject. When a prominent business executive can publicly decry before the Congress, the growing interest in "consumerism," I think it is high time for all of us to respond with a resounding "Yes," we are interested in the consumer. We are concerned, we are determined, we will act. To the extent that the proposed commission would be set up to accomplish such goals that result in real action, we would welcome its establishment as we would the passage of this entire legislation.

May I say in summary that countless studies have demonstrated that the poor pay more. There is no area in which they pay more than in the area of credit. Any steps that we can take, beginning steps, strong steps, such as represented in your legislation, are steps that we must take in order to rectify a situation which imposes a heavy burden of inequity on those who can least afford it.

Thank you very much.

The CHAIRMAN. Thank you very much, Dr. Costello. We are most grateful to you for a very comprehensive and thoughtful statement. I would like to be in a position to ask you questions, but in the interests of your time and our heavy schedule here today, I just want to ask one question, and that is whether you feel that Federal legislation in the area of garnishments, if perhaps adjusted to meet some of the concerns that you have, would be helpful in supporting local legislation in the area?

Dr. COSTELLO. Yes, it would. I have great concern about the use of garnishment in a way that jeopardizes the livelihoods of those who live very, very close to the poverty level. In general, I am in favor of the banishment of the garnishment privilege.

I am concerned, however, that in doing so, we make it impossible for the poor to share fully in our credit society, and so my testimony has emphasized that if we do banish garnishment, then we have a very heavy responsibility to develop alternative means for the poor to obtain credit; such as, in a modified credit union where only a part of the lending money would come from investment by the members themselves.

The CHAIRMAN. Thank you very much.

I am very happy that you took a full part in this meeting today.

Congressman Halpern is from Queens, and is one of the co-sponsors of the 11601 Bill. I would like to say that this is a panel and we are all operating as equals and we are very happy to have taken part today with one who has contributed a great deal in the consumer-protection field.

Congressman HALPERN. Thank you.

I would like to commend our distinguished witness who has presented forthright and informative testimony this morning and I am sure that his testimony will prove to be most helpful to us in shaping meaningful and effective legislation in this field, legislation that is long overdue and certainly much needed.

Now, Mr. Deputy Mayor, as you know, the bill that passed the Senate covers only full disclosure of certain interest and finance charges.

Now, the House bill, which Mr. Bingham and I joined Mrs. Sullivan in sponsoring, is much stronger. We include revolving credit; we include all financial charges of ten dollars and more; we include a strict disclosure of all advertising of credit purchases and borrowing and, of course, we include garnishments.

Do you prefer the stronger House bill to the Senate bill?

Dr. COSTELLO. I certainly do, particularly in its inclusion of revolving credit. The recent authorization of the Everything Credit Card with its full-scale of advertising suggesting that practically everything can be bought on credit is, of course, of the revolving sort and it probably suggests that increasingly we are going to be living on revolving credit. In the advertising that promotes this credit card, if it is at all indicated, it is indicated that the purchaser, the borrower, pays one and a half percent per month.

Now, if you add this figure up, it comes to a minimum of eighteen percent interest per year, and it would seem to me that if the average borrower were to realize that for the use of $100 for a year, he was being requested to pay