recover; the finance company, which has purchased the contract from the retailer, files suit to collect the debt; the debtor-defendant is not served with summons and the undefended action results in a default judgment; the merchandise purchased under the contract is repossessed; a deficiency judgment for the amount left outstanding is rendered; the debtor's salary is garnisheed to pay off the deficiency; the debtor is fired from his job as a result of the garnishment; now unemployed, he is without a job, without the purchased commodity, and in debt.

The sad truth is that this story—and the economic exploitation that leads to it—is all too common in the nation's slums. Indeed, more than a little of the smouldering resentment that has exploded in cities across the country can honestly be attributed to the victimization of the comsumer poor. Therefore, I must implore you to remember that while the middle-income consumer will no doubt benefit from the reforms embodied in the Consumer Credit Protection Act, which you have initiated, these reforms are much more crucial to the poor of the nation's slums and ghettos. It is the poor consumers who have suffered the worst from these credit abuses.

With these thoughts in mind, I would like to turn my attention to two important features of the Consumer Credit Protection Act which I feel merit some specific comment. The first is Section 203(K), which, unfortunately, is not included in the Truth-in-Lending Act. This section requires full disclosure of interest rates on revolving credit accounts. I want to state that both as an individual and as one who comes from the ghetto to this high position as President of the Borough of Manhattan, I unequivocally support this provision and feel that its deletion from the Senate version substantially emasculates the bill.

I am sure other witnesses have and will demonstrate to this Committee, that the revolving credit accounts have come to play an extremely important role in credit operations in this country.

As former Senator Paul Douglas testified before you, to omit revolving credit accounts from the coverage of this bill is to create an enormous loophole in the law, especially in view of the fact that this kind of credit arrangement is becoming more and more prevalent.

Moreover, it is my impression that the revolving account is one of the more devious and misleading varieties of credit schemes. I therefore feel little sympathy for those banks, department stores, and other institutions who piously claim that it would be too time consuming and too difficult to in each account pierce the complexities of this accounting device in order to arrive at the true interest rate. What they pass off as "complexities" I look upon as a kind of flagrant chicanery from which we must rescue the consumer if we are going to make any headway against the injustices the credit system presently perpetuates.

One particularly insidious aspect of the revolving credit account is that until the account is completely paid off, the creditor continues to hold a chattel mortgage on each item that has been purchased on the account.

Thus it is that if the debtor defaults, the creditor can repossess all of the items bought on the account, even though the debtor may have already made enough payments to cover the cost of one or more of the items.

In practical terms, the result for the poor debtor who purchases all his furniture, appliances, and equipment on such an account is that he will lose everything he has purchased; not having paid for all of the goods, he owns none of them.

Title II of the Consumer Credit Protection Act, the Prohibition of Garnishment of Wages, represents a second important addition to consumer protection.

Wage garnishments have had a profound effect in continuing the instability of the low-income community. Without garnishments unscrupulous merchants would not be able to offer credit to customers without concern for the borrower's ability to pay. Instead of investigating the credit rating of the perspective consumer, merchants frequently ask only one question: "Do you have a job?" If the answer is "yes", no further questions are asked; because the unscrupulous creditor is not interested in the welfare of his customer, and he knows that the account can be collected through the use of wage garnishment if the buyer defaults.

The prohibition against wage garnishments will force credit merchants to look more carefully at the ability of the individual consumer to pay for the