

Here is where the borrower can't understand why if he pays it off halfway down, he doesn't get half of his interest back, because it has already earned—I will be very glad to send you copies of a very clear explanation of this.

Congressman HALPERN. I think that would be very helpful to us and we will appreciate it if you could make that available for the record.

Mr. WATTS. It is a very plausible and understandable explanation for the layman.

Congressman HALPERN. Fine. Thank you very much.

The CHAIRMAN. Our next witness is Mr. Michael Sampson, Vice President of the New York City Central Labor Trades Council, Vice President of the New York State AFL-CIO, and Business Manager of the Utilities Workers. We are very glad to have you, Mr. Sampson, and glad you could be with us.

STATEMENT OF MICHAEL SAMPSON, VICE PRESIDENT, NEW YORK AFL-CIO

Mr. SAMPSON. Thank you. My name is Michael Sampson. I believe the Chairman has stated the organizations I am affiliated with.

Most important of all is the fact I am Chairman of the Community Services Committee for New York City services.

As Chairman of this group, we deal in several areas of community activities and one in particular are consumer problems.

For the last twelve years we have run educational courses in consumer problems where we have classes both in English and in Spanish, to make our members, and non-members as well, in the community aware of the pitfalls in the purchases of furniture, appliances, items of daily necessity as well, and the pitfalls in borrowing that many of the lower-paid people in our community are confronted with.

A great deal of testimony has been heard by this Committee in connection with proposed legislation before you.

Let me say at the outset that we in the labor movement, both in New York State Central Labor Council and the New York State AFL-CIO, are very pleased that at long last some legislation appears on the horizon to meet the problems of some of our exploited people in an area where they can least afford to be exploited.

One of the most glaring of consumer interest issues arising in recent years is the need for further remedial legislation in the installment lending field. Public controls over the vending of installment credit are still highly inadequate in our State. Debt-poolers flourish. Legal protections for buyers and borrowers are inadequate and harsh garnishment and wage assignment laws still remain the rule instead of the exception.

Confusion reigns as to what credit actually costs the borrower or buyer on the installment plan and as to what sources offer credit on the most reasonable terms.

A survey of the consumer problems of 500 low-income families in New York City, conducted a few years ago by Columbia University Professor David Caplowitz, clearly shows the magnitude of this problem as related to the war on poverty.

It shows that in spite of their poor economic positions and poor credit status, most of these families owned many expensive appliances. 95 percent owned at least one TV set; almost two-thirds owned a phonograph; almost half owned a sewing machine; and almost half owned an automatic washing machine.

Most of these families had spent considerable money furnishing their apartments.

The typical family bought sets of furniture for at least two rooms when it moved into public housing and had spent approximately \$500 for furniture. Some 16 percent had paid more than \$1,000 for furniture, bought at the time of the move.

The prices paid for appliances were quite high. 40 percent paid more than \$300 for their TV set and 13 percent had paid more than \$400. A number of families owned expensive combination television and phonograph sets, and one family reported paying \$900 for such an appliance.

Partly because they are so dependent upon credit, says Professor Caplowitz in his remarkable study, and partly because they are intimidated by the large downtown store, most of the families buy their major durables from neighborhood merchants or from door-to-door peddlers rather than going to the large department stores and discount houses.