

Symbolic of the narrow shopping scope of the poor is the practice of buying from door-to-door salesmen, the men with the traditional slogan of "A dollar down, a dollar a week."

Fully half of the families surveyed had made at least one credit purchase from these door-to-door salesmen, and more than a third had made repeated purchases.

Because they are poor and have such low ratings as credit risks and because they lack the training to be sophisticated shoppers, people of low incomes are the natural prey of unscrupulous, exploitative merchants. As a rule, they do not know how much interest and other financing costs they are paying in fact for the loans and installment purchases.

One of the abuses is the discount arrangements they make when a purchaser goes in and buys an appliance, and the next thing you know he is making his name into a second party, and when he seeks any kind of relief he has to go to someone who has nothing to do with the sale.

A good example is the television set. You have some poor families who want to get their children off the streets. He knows he can't afford to buy it, but figures by paying \$2.00 a week he can at least have some entertainment in his home to keep his children off the street.

He buys a television set and is told it is guaranteed. The set doesn't work, the man waits, ten days, twenty days, and they delay in sending the man over until his so-called guarantee is used up, and the only place he can go is where he has to make his payments.

In many instances he still makes his payments where he bought the appliance. In lots of instances the payment isn't made to the one who had the note. The end result is one of the most serious things we are confronted with, gentlemen. If we can eliminate that, we can eliminate a great deal of abuses that exist in the lending and time purchase plan, and that is garnishees.

You will be amazed, and I will be glad to show you facts that some of your lending institutions in this City and all of us are aware of, the fact that they all have clearing houses on credit, whether it is borrowing money, buying clothes, furniture and appliances, they all have clearing houses. Yet, despite that, they will take some individual and loan him money or sell him some merchandise on time, knowing full well they have two, three and four garnishees pending.

I can show you cases where there are six and seven garnishees pending. It is like a chain reaction, and yet the result is an employer has to set up expensive accounting procedures, he has to make the payroll deductions, and he has to forward the check, and he says, "I am not going to pay these expenses, you are fired."

It took us a great many years, until the last session of the Legislature, to get a State bill passed saying you can't fire anyone until they have two garnishees.

We still have the loophole that when a responsible lending agency stands before you and says you should not fire garnishees, he is talking out of both sides of his mouth.

If only credit houses would once and for all know they cannot have a man fired—this is a sword that hangs over a person's head. He has to make up or loses his job. He loses his job, he becomes another relief client, depending upon the City to support him.

There is the danger, and I think one of the finest things in this bill is the elimination of people being fired because of garnishees and the elimination of garnishees, because we are back in the days where you become a debtor and slave for your life.

As far as the labor movement here in New York, we wholeheartedly support the bill and will cooperate wholeheartedly with the gentlemen who support the bill.

Thank you.

The CHAIRMAN. Thank you very much Mr. Sampson. We are very grateful for that expression of support.

Congressman HALPERN. I, too, want to commend our witness.

Unions are naturally concerned about the effect of garnishment on the security of their members' jobs as is cited here and the ability of their members to subsist on a given wage. I would like to ask two questions pertinent to this.