

We are reaching a point where even to pay for a thing that costs as little as \$30, a sale is made on the basis of \$2.00 a week, so this is completely a credit-oriented economy.

I can go on to mention the credit cards which are so widely used today. Even the airlines are now starting to sell their tickets through the use of credit cards.

Any change in wage garnishments, which are a part of this, will do harm to our economy as it is today. If wage garnishments are abolished altogether—80 percent of all debts are collectable through garnishments. If they are not collectable, this will deal a severe blow to our economy.

Gentlemen, kindly accept this letter as an objection to any proposals for any ban upon wage garnishments. The undersigned is an attorney who has been specializing in collection law and specifically in wage garnishments for approximately fifteen years and, for this reason, claims to possess familiarity with the actual workings of day-to-day problems in the field of credit and salary attachment.

The device of wage garnishment is the most important and widely used collection tool in the United States today. In various localities various names are used, such as Income Executions, Wage Executions, Garnishee Executions, Wage Attachments, Wage Assignments, and so forth. This device of wage garnishment is a natural part of our credit-oriented economy as it exists today, and any interference with so important an aspect of our present economy will do violent harm to that economy.

The economy of the United States today depends upon credit, and this is true in spite of the fact that some of us may wish that the facts were otherwise. It is submitted that nothing can be done at the present time to change the economy of the United States from a credit-oriented economy back to a cash-in-advance-oriented economy. We are confident that the Committee already possesses statistics on the volume of installment sales and is aware of the staggering volume. The percentage of automobiles subject to mortgages as contrasted to automobiles owned free and clear is perhaps one good example, but there are innumerable other examples. All personal loans made by banks and finance companies fall into this category, since these personal loans are in effect sales of money repayable in installments. Under our present economic system, items which cost as little as \$30 are purchased under the installment plan and paid off at the rate of \$2 weekly. Many tire stores can be seen around the country advertising in their windows "Tires on time, no money down." It seems reasonable to assume that the Committee is already familiar with the tremendous volume of business done through credit cards and through charge plans at department stores. The airlines are now selling tickets on the installment plan. The use of credit, however, goes beyond installment sales and personal loans in the sense that everything which is not paid for by actual cash or certified check in advance is in actual fact sold on credit. All merchandise which is delivered and which is to be paid for only at the end of the month is sold on credit. A credit transaction also takes place when an uncertified check is used for payment in advance; there is always the possibility that the uncertified check will fail to clear the bank, whereupon a collection problem will arise.

The device of wage garnishment is a natural and absolutely necessary part of this credit-oriented economy, as described above. It should be obvious that there is needed a device for guaranteeing, at least to some extent, that the credit extended will be paid. Wage earners participate in our credit economy by virtue of the fact that they have their salaries to offer as collateral for their participation and that they are thereby eligible for credit. Persons possessing substantial assets such as real property and so forth still participate most directly through their weekly earnings, since various large assets usually are not liquid, and the weekly salary is generally considered to be superior collateral.

If this drastic and extremely ill-advised step of abolishing wage garnishment were ever taken by Congress, the situation would immediately arise in which as much as 80% of all delinquent bills across the country which are presently collectible would thereupon become uncollectible. At the very least this would force a substantial increase in prices and even triple prices in many areas where credit is exclusively used. This problem of substantial increase in prices, which will follow as an automatic result of the enactment of the abolition, is one of the most important items which we are seeking to stress in this letter. We are confident that Congress wishes to avoid anything which might even tend to bring upward pressure on prices, and this proposal, upon enactment, would certainly