

raise prices more than slightly. At the very least, the various business firms would need to raise their prices in order to compensate for the accounts which go delinquent and which would under the new situation no longer be collectible even through the hiring of attorneys, and so forth. The problem is compounded by the fact that many consumers who presently pay their bills, upon learning of the new law, would take the occasion to join the ranks of the delinquents. All payments would be voluntary, and no one would be required to pay, which is the reason why we maintain that prices in some areas could as much as triple. The net effect of the higher prices forced by this change in the law would be the penalizing of the honest consumers who pay promptly and the forcing of these consumers to pay on behalf of their fellow consumers who would not choose to pay. It seems reasonable to suppose that the general run of consumers who do make it a practice to pay promptly would be irritated at Congress for forcing them to pay on behalf of the delinquent consumers. Banks and loan companies would be prevented by the usury laws from increasing their prices and would be prevented from continuing business.

We wish to stress also that the abolition of wage garnishment, if enacted, would bankrupt all loan companies and finance companies and all stores and merchants either specializing in installment selling or devoting a substantial percentage of their business to installment selling and also all other businesses which depend upon legal enforcement of their accounts receivable. What may seem most spectacular is the fact that many banks would be caused to fail or would at least be seriously damaged; their entire personal loan departments would be prevented from functioning. Without the device of wage garnishment, the various businesses mentioned in this paragraph would have no means of enforcing collection of their accounts receivable and would no longer possess any basis for extending credit to anyone. The consequences would even prevent retail fuel oil dealers from continuing with their present system of delivering oil as needed and billing their customers at the end of each month, secure in the knowledge that if any customer does not send his payment, a wage garnishment will be available. The same principle applies to charge accounts at stores which are payable in full at the end of each month rather than in installments; it remains necessary for the stores to have available to them the device of wage garnishment in the event that the particular customer does not make his payment at the end of the month. We could go on to cite the example of newspapers which accept advertisements from individuals and then forward bills only after the advertising has been run, and we could go on to cite innumerable examples.

We cannot stress too strongly the fact, as described in the foregoing paragraph, that an overwhelming number of business failures will result from the abolition of wage garnishment, including many loan companies and finance companies which are publicly held. A checking of the roster of the New York Stock Exchange shows the presence of various companies of this type. The going out of business of just one large finance company would cause to be unemployed all of its own present employees as well as those of smaller firms which are dependent upon the financing. Numerous business failures among companies in the general category of finance companies and retail businesses specializing in credit selling, together with severe damage to the banks and possible bank failures, will create a substantial unemployment problem, especially considering the chain reaction and harm to dependent businesses.

It is submitted that from the standpoint of the consumer the abolition of the wage garnishment will also turn out to be a severe blow. That portion of the consumer public which utilizes any form of credit, and almost all consumers now fit into this category, will upon abolition find itself almost without credit and required to pay cash in advance. Specifically, those wage earners who now have no collateral to offer except their weekly salary in future weeks will be cut off from all credit, since there will be no basis for extending credit to them. It is striking that these are the persons who have the greatest need for installment buying and who are not capable of making other than small purchases except through installment plans. It is persons in this category also who have the greatest need to acquire personal loans upon occasion from the banks and finance companies. Upon abolition there will not even be a basis for permitting such persons to receive delivery in advance plus an invoice at the end of the month, since there will be no means at all to compel payment, assuming that such consumers do not deign to forward the payment at the end of the month. A substantial example to be cited is the automobile financing industry and its customers. Upon