The problems that I have tried to describe here are extremely pressing and demand the attention of our Government if the war on poverty is to be won and if our ideals of justice are to be maintained.

It is all too easy to say that the poor must be educated as consumers. But in my opinion, it is even more important to provide the poor with meaningful alternatives to the present arrangements that confront them. I have in mind such things as credit unions, cooperatives, and other self-help institutions. These institutions cannot spring up overnight in the ghetto. They need to be carefully nurtured with Government funds and leadership. I understand that the Office of Economic Opportunity is giving great emphasis to the creation of such institutions, and I hope we will hear what they are up to.

In addition, there is a need for new legislation that will redress the balance between creditor's rights and debtor's rights. For example, we take pride in the fact that debtors' prisons have been abolished and yet today our legal structure permits garnishments which often result in depriving the debtor of his livelihood.

Mr. ROSENTHAL. Is this almost the same, in your judgment, as the debtors' prison?

Mr. CAPLOVITZ. I feel to deprive a person of a livelihood places a family, a poor family, in a situation that has many of the consequences of having the breadwinner sitting in a prison. This is one way in which families end up on the welfare rolls in our society. This is one way in which the poor are robbed of self-respect and dignity.

Mr. ROSENTHAL. So that consumer activity or involvement of the poor affects their opportunity to earn a livelihood as much as outside economic factors.

Mr. CAPLOVITZ. Correct. This is the point I am trying to make. Another point: we urge our consumers to shop wisely and yet we tolerate a situation in which it is virtually impossible for consumers to shop for credit for the simple reason that those who extend credit are not required to state how much the credit costs. Certainly "truth in lending" as advocated by Senator Douglas is necessary if consumers are to behave rationally.

I will skip some other points here.

In closing, I would like to——

Mr. ROSENTHAL. If I can interrupt you there? The point you make is that in addition to truth in lending legislation as advocated by Senator Douglas, the States have been somewhat remiss in this area?

Mr. CAPLOVITZ. I skipped that. There seems to be considerable variation in the amount of interest that is permitted in the various States. This ranges from a low of 10 percent on all credit transactions, whether it is time sales or loans, in the State of Arkansas, to the State of Texas which permits over 200-percent interest on small loans, that is, loans under $100.

But in this connection I should point out, as everyone knows, there is a commission working on uniform credit laws, and their report should be out fairly soon.

In closing, I should like to say one word on behalf of those I have treated as the villians in my testimony—the local merchants in poverty areas. In my opinion, it is a mistake to see their practices as wholly due to their unscrupulous personalities. They too are constrained by a set of economic forces. In some respects these merchants must charge