

It is not clear from his account whether he lost some of his previous jobs because of the efforts to garnishee his salary; this does happen with some frequency. Many employers simply will not be bothered with garnishments and do not hesitate to fire workers whose salaries are attached. We are accustomed to thinking that these difficulties arise because these people are poor. But it is also true that some families become poor because they have these problems. To lose a job because of a garnishment is certainly one way of entering the ranks of the impoverished.

I should point out that the jungle confronting the poor consumer extends to the procedural aspects of the law. Legal procedures are violated with some frequency by the merchants' attorneys and the city marshals who are responsible for collecting the debts.

For example, almost all the lawsuits against consumers who do not pay result in judgments by default; that is, the consumers do not show up in court to defend themselves. The assumption commonly made is that these default judgments simply mean that the consumer has no case; that he indeed owes the money and therefore chooses not to answer the complaint and risk further court costs. But the legal unit of Mobilization for Youth has come across a number of cases in which the defendant was never served with a summons. Process servers often evade their responsibility and simply throw the summons away. This happens with sufficient frequency that a special term has evolved in legal circles to refer to it: "sewer service." Low-income families are especially likely to be victims of this practice since they are not apt to know their legal rights or how to protect them.

Another example: Before a garnishment order can be entered with an employer, the city marshal in New York State is required by law to give 20 days' notice to the defendant. The purpose of this law is to give the defendant a chance to clear up the debt and avoid embarrassment with his employer. But this procedure too is frequently not followed. All too often, the first the poor consumer hears of the action taken against him is when his employer calls him in and tells him about the garnishment. And by that time it is often too late for the consumer to protect his job, let alone his rights in the legal action.

In the past year or so, we have seen some alarming evidence that the poor are aware of the exploitation they face in the marketplace and are rebelling against it. Students of the riots that have swept our country have been struck by the selectivity exercised by the rioters in their destruction. It seems that not all buildings are ransacked and burned, but mainly those of the credit merchants.

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.

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 garnishments which often result in depriving the debtor of his livelihood.

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. The variations in credit legislation from State to State are not only awesome but difficult to justify. For example, in the State of Arkansas, the maximum interest that can be charged on any loan is 10 percent, but the State of Texas permits over 200 percent interest on loans under \$100.

In closing, I should like to say one word on behalf of those I have treated as the villains 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 more for the simple reason that it costs