

JustSouth Monthly

JSRI Perspectives on FAITH DOING JUSTICE

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April 2014

Dealing for the Devil

Legislatures Protect Business that Preys on the Poor

By Dr. Alex Mikulich

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JSRI Upcoming Events

April 23

Fr. Arroyo will screen Robert Reich's "[Inequality for All](#)" at Spring Hill College, sponsored by both JSRI and Alabama Arise.

May 2-3

Fr. Kammer will coordinate a two-day social justice orientation for the Jesuit novices.

JSRI Recent Activities

March 14 & 18

Fr. Kammer discussed "Jesuit Justice" with the Loyola Ignatian Faculty and Staff Fellows.

March 15

Dr. Weishar organized the Fast4Families New Orleans event for immigration reform at which Fr. Kammer spoke.

March 18

Fr. Kammer addressed a community forum on payday loan reform in Baton Rouge.

March 26

JSRI staff discussed post-Katrina New Orleans with students from Santa Clara University.

March 28

Dr. Mikulich chaired an anti-racism convening on campus.

April 1 & 7

Dr. Mikulich testified on payday loan reform in Baton Rouge.

April 2

Dr. Weishar and Mary Baudouin organized the fifth local Catholic Dialogue on Immigration at St. Dominic Church, New Orleans.

April 4-5

The JSRI Advisory Board met on the Loyola campus.

April 5

Dr. Weishar joined *Loyola Students for Immigration Reform* in the Not1More Detention March.

April 6-7

Fr. Kammer attended the Ignatian Solidarity Network board meeting in Washington, D.C.

April 10

Dr. Weishar participated in the Board of Directors of Seashore Mission meeting in Ocean

Alabama and Louisiana legislatures defeated legislation this session to cap payday loans at 36% annual percentage rate (APR). Alabama also defeated HB 145 to create a state database to enforce existing law limiting borrowers to \$500 in payday loan debt.

The people of Louisiana "cry out" for capping payday loans at 36% annual percentage rate (APR), said Representative Ted James (Baton Rouge) in his closing argument for HB239 on April 7, 2014.



Echoing God's message in *Exodus* 3: 7-8, "I hear the cry of my people," Representative James urged his colleagues to hear the cry of the people. He urged his colleagues to take to heart the courageous voices of victims of the payday debt trap who testified about their suffering. Finally, he named many organizations advocating for the 36% APR cap.

The Louisiana Catholic Bishops, the American Association of Retired Persons, the Louisiana Budget Project, United Way of Southeastern Louisiana, Habitat for Humanity St Tammany Parish, Shreveport and LSU Campus Federal Credit Unions, Together Louisiana, and the [Jesuit Social Research Institute](#) heard the cry of the people and advocated for a 36% APR cap.

Nevertheless, both the Senate and House Commerce Committees blocked the 36% APR cap against the will of the people, against morality, against Pope Francis and the U.S. Catholic bishops, and against the facts.

Since legislators created an exception for payday lending from state loan sharking and usury laws in 1999, Senator Ben Nevers (Bogalusa) and Representative James invited colleagues to take responsibility for correcting that misstep.

Despite the fact that legislators created the law protecting payday, Representative Hunter Greene (East Baton Rouge) exclusively focused on the personal responsibility of borrowers. As he interrogated borrower-victims of payday, Greene repeated one mantra: "No one forces you into payday lending. You are responsible for understanding how the loan works."

As Blessed Pope John Paul II explained in his encyclical *Sollicitudo Rei Socialis*, sinful social structures do not arise out of nowhere; they are created by individuals and maintained through "consecration of the status quo."^[1]

When they voted to protect a patently predatory payday business, Representative Greene and his colleagues consecrated the status quo by voting to maintain a sinful social structure that preys upon vulnerable citizens.

Alabama and Louisiana have yet to examine the full extent to which payday buys political protection for its products.

Curiously, both states exempt payday loans from usury laws. A recent Pew study found that payday companies charge comparable borrowers far more for essentially the same small loan in states like Louisiana with higher or no interest rate limit. These exemptions protect a predatory product, not a free market.^[2]

When he fiercely clears the temple of moneychangers, Jesus declares: "My house shall be a house of prayer but you are making it a den of thieves." (*Matthew* 21:12-13) These words should ring in the ears of every legislator and citizen until we heed God's call to hear the cry of the oppressed.

^[1] Pope John Paul II, *Sollicitudo Rei Socialis* (On Social Concerns), The Vatican (December 30, 1987), #36-40, available online at http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_30121987_sollicitudo-rei-socialis_en.html

^[2] The Pew Charitable Trusts, "How State Rate Limits Affect Payday Loan Prices," April 10, 2014, available online at <http://www.pewstates.org/unpublishedFiles/PFS/Content>.

mission meeting in Ocean Springs, MS.

19, 2014 Student Guide at <http://www.loyola.edu/loyola-social-research-institute/level-pages/fact-sheets/state-rate-limits-fact-sheet.pdf>

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