

IN ALL FAIRNESS

Stealing Consumer Choice

With the country facing severe economic turbulence, the last thing we consumers need is misguided government intrusion into our basic, everyday financial choices. But such uncertainty isn't deterring some elected officials, regulators, and self-styled consumer advocates from attempting to eliminate banking options which can help working Americans get through tough times.

Consider, for instance, the campaign currently being waged against payday lending. Payday lenders provide short-term credit that allows consumers faced with unexpected expenses to obtain an advance on their next paycheck for a fee. Traditional banks exited the small denomination loan market years ago, and thus are no longer an option for working families with these needs. And those in financial crunches certainly can't afford to bounce a check, with overdraft charges at banks soaring.

The payday loan industry's rapid growth is clear evidence that consumers both want and utilize this service. In response to this growth, 33 states now regulate this type of lending to protect consumers from unscrupulous lenders, while at the same time preserving the payday loan option for those in need.

Lately, however, certain activists, bureaucrats, and politicians seem to have lost faith in working families' ability to make financial choices. These crusaders have their own ideas about what is good for consumers, and are pursuing extreme regulations which essentially would put the payday loan industry out of business.

Paternalistic special interests and bureaucrats at the state level are deploying many time-honored tools from the activism playbook to advance their cause, including media demonization, lawsuits, and legislative pressure. Some claim they only want to "strengthen" consumer protections, while others dispense with this charade and blatantly call for a complete prohibition of payday lending.

Some federal bank regulators have joined the campaign, methodically putting an end to national banks' partnerships with payday lenders through intimidation and blunt regulatory force. House of Representatives Financial Services Committee Chairman Michael Oxley has stated that such actions will hurt the economy and will "reduce much needed credit to millions of Americans at a time when we should not be randomly foreclosing our citizens' access to credit."

Reasonable regulation of payday lending, which is targeted at shielding vulnerable citizens from predatory lending practices, and helps them make informed decisions, certainly should be pursued. But those aren't the kinds of consumer protections activists seek. For today's brand of activist, protection is all about dictating choices and limiting access. They arrogantly feel that only they know, for instance, which foods and beverages we should consume, or what kind of car we should drive. Now, they are dictating which types of financial services we should use.

Consumer freedom is at the very core of American democracy. The more often government tries to make basic, personal choices for its citizens, the thinner that core becomes.



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Consumers need banking options



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