

Christian

Restorative Justice

Financial Reform

Mako A. Nagasawa

A Vision for Relationship



A Vision for Relationship



A Vision for Relationships of All Types

- Friendships (brother's keeper, sister's keeper)
- Marriage
- Family
- Economic
- Political
- Involving historic injustice


Structural Causes of Frustration: An Example from Baltimore, MD


Wells Fargo agrees to pay \$175M settlement in pricing discrimination suit





Settlement calls for payments of \$7.5 million to city of Baltimore, \$2.5 million directly to 1,000 area residents


July 12, 2012 | By Luke Broadwater, The Baltimore Sun



About 1,000 Baltimore-area residents are expected to receive thousands of dollars each under a landmark \$175 million settlement between the U.S. Department of Justice and Wells Fargo over accusations of discriminatory lending practices.

Under the terms of the deal announced Thursday, Wells Fargo also will provide \$7.5 million to the city of Baltimore, which federal officials credited with first raising issues of discrimination related to [bank's](#)  subprime mortgages.

The city alleged Wells Fargo steered minorities into subprime [loans](#) , gave them less favorable rates than white borrowers and foreclosed on hundreds of Baltimore homes, creating blight and higher public safety costs. Wells Fargo is the largest residential home mortgage originator in the United States.

Recommend 1.1    

123  7

 Tweet 1  8+1

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - If you lend money to My people, to the poor among you, you are not to act as a creditor to him; you shall not charge him interest (Ex.22:25)

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - Now in case a countryman of yours becomes poor and his means with regard to you falter, then you are to sustain him, like a stranger or a sojourner, that he may live with you. Do not take usurious interest from him, but revere your God, that your countryman may live with you. You shall not give him your silver at interest, nor your food for gain. I am the LORD your God, who brought you out of the land of Egypt to give you the land of Canaan and to be your God. (Lev.25:35 – 38)

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - You shall not charge interest to your countrymen: interest on money, food, or anything that may be loaned at interest. (Dt.23:19)

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - ¹ O LORD, who may abide in Your tent?
Who may dwell on Your holy hill?
 - ² He who walks with integrity, and works righteousness,
And speaks truth in his heart...
 - ⁵ He does not put out his money at interest,
Nor does he take a bribe against the innocent.
He who does these things will never be shaken. (Ps.15:1 – 5)

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - ⁷ He who keeps the law is a discerning son,
but a companion of gluttons disgraces his father.
 - ⁸ He who increases his wealth by exorbitant interest
amasses it for another, who will be kind to the poor.
 - ⁹ If anyone turns a deaf ear to the law,
even his prayers are detestable. (Prov.28:7 – 9)

- ⁷ The rich rule over the poor,
and the borrower is slave to the lender. (Prov.22:7)

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - If he does not lend money on interest or take increase, if he keeps his hand from iniquity and executes true justice between man and man, if he walks in My statutes and My ordinances so as to deal faithfully – he is righteous and will surely live (Ezk.18:8 – 9)
 - ‘You have taken interest and profits, and you have injured your neighbors for gain by oppression, and you have forgotten Me,’ declares the Lord GOD. (Ezk.22:12)

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - ⁶ Will not all of these take up a taunt-song against him,
Even mockery and insinuations against him
And say, 'Woe to him who increases what is not his --
For how long -- And makes himself rich with loans?'
 - ⁷ Will not your creditors rise up suddenly,
And those who collect from you awaken?
Indeed, you will become plunder for them.
 - ⁸ Because you have looted many nations,
All the remainder of the peoples will loot you--
Because of human bloodshed and violence done to the land,
To the town and all its inhabitants. (Hab.2:6 – 8)

Christian Restorative Justice: Interest Rate Lending

- No interest rate lending among Israelites:
 - ‘I consulted with myself and contended with the nobles and the rulers and said to them, ‘You are exacting usury, each from his brother!...Please, let us leave off this usury. Please, give back to them this very day their fields, their vineyards, their olive groves and their houses, also the hundredth part of the money and of the grain, the new wine and the oil that you are exacting from them.’ Then they said, ‘We will give it back and will require nothing from them; we will do exactly as you say.’ (Neh.5:7 – 12)

Christian Restorative Justice: Reducing Debt

- Old Testament precedents
 - Debts forgiven every seven years (Dt.15)
 - Wealthy relatives had an obligation to buy you out of debt (Lev.25)
 - Profiting from another is 'slavery' and unneighborly
- Jesus' teaching
 - Forgive debts regularly (Mt.5:42)
 - Forgive debtors as you have been forgiven by God (Mt.6:12)

Christian Restorative Justice: Interest Rate Lending

- Profiting off of a poor person's misfortune
- Increasing debt is a form of slavery
- Not a form of relationship within the Trinity

Christian Restorative Justice: Interest Rate Lending

- Profiting off of a poor person's misfortune





Who Gains and Who Loses from Credit Card Payments? Theory and Calibrations

Scott Schuh, Oz Shy, and Joanna Stavins

Abstract:

Merchant fees and reward programs generate an implicit monetary transfer to credit card users from non-card (or “cash”) users because merchants generally do not set differential prices for card users to recoup the costs of fees and rewards. On average, each cash-using household pays \$149 to card-using households and each card-using household receives \$1,133 from cash users every year. Because credit card spending and rewards are positively correlated with household income, the payment instrument transfer also induces a regressive transfer from low-income to high-income households in general. On average, and after accounting for rewards paid to households by banks, the lowest-income household (\$20,000 or less annually) pays \$21 and the highest-income household (\$150,000 or more annually) receives \$750 every year. We build and calibrate a model of consumer payment choice to

Christian Restorative Justice: Interest Rate Lending

- Profiting off of a poor person's misfortune
- Increasing debt is a form of slavery
- Not a form of relationship within the Trinity

Christian Restorative Justice: Interest Rate Lending

- Profiting off of a poor person's misfortune
- Increasing debt is a form of slavery

The women who **SOLD THEIR DAUGHTERS** into **SEX SLAVERY**

A neighborhood in Cambodia is a global hotspot for the child sex trade. The people selling the children? Too often, their parents. CNN Freedom Project and Mira Sorvino, award-winning actress and human rights activist, investigate.

By Tim Hume, Lisa Cohen and Mira Sorvino
Photography by Jeremie Montessuis for CNN



Phnom Penh, Cambodia (CNN)

When a poor family in Cambodia fell afoul of loan sharks,

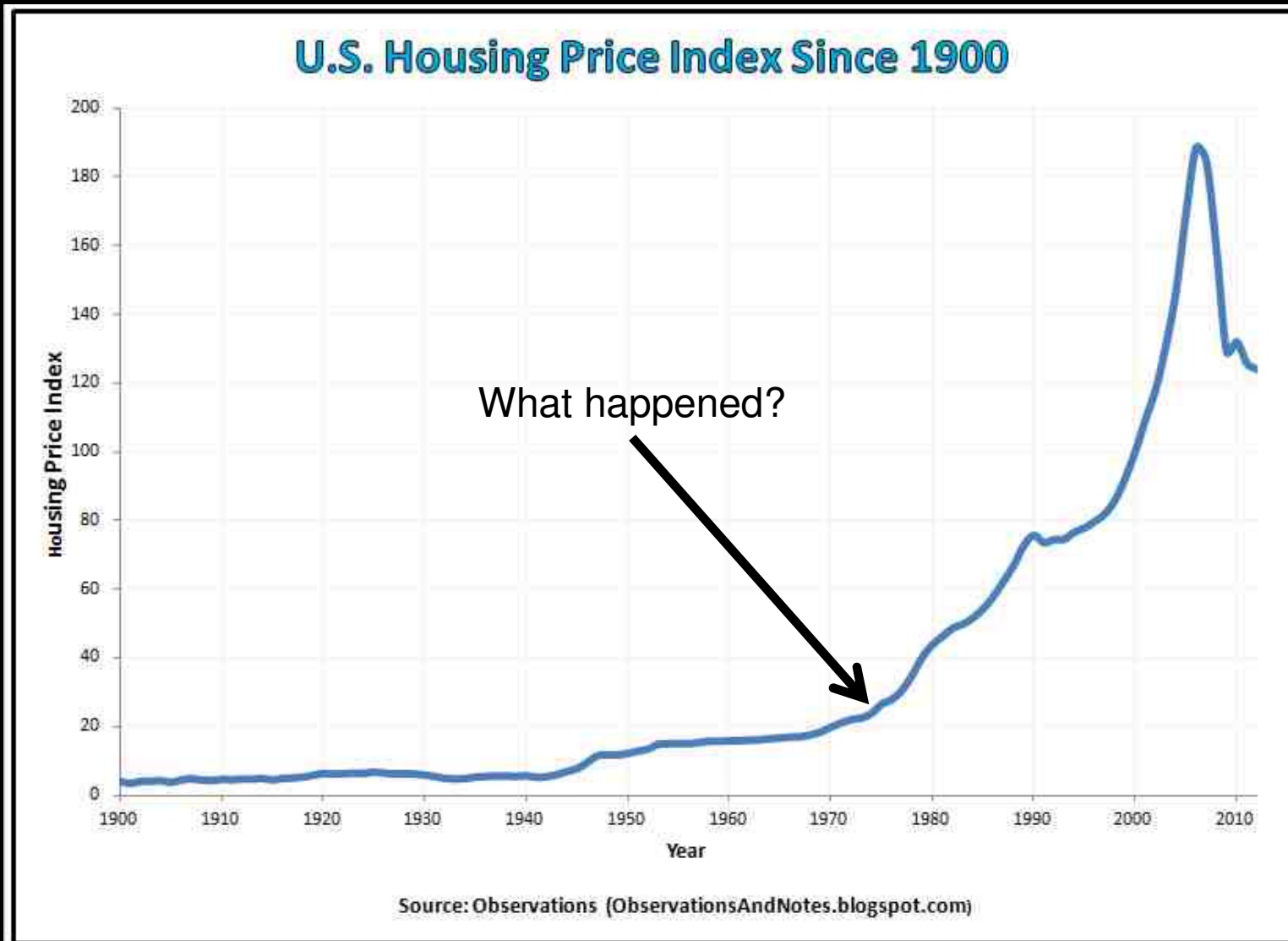
Christian Restorative Justice: Interest Rate Lending

- Profiting off of a poor person's misfortune
- Increasing debt is a form of slavery



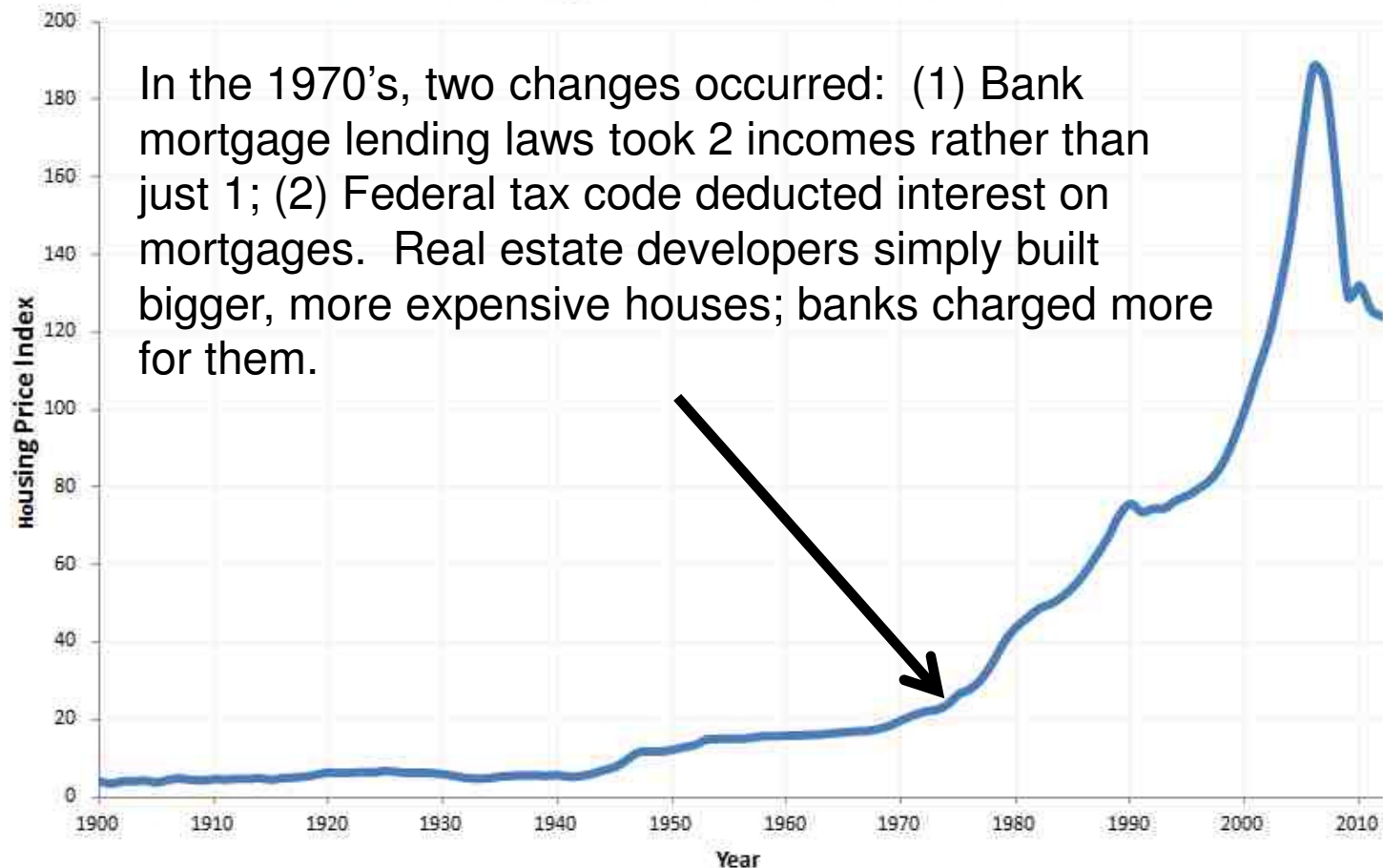
- 18.1 million slaves worldwide through debt-bondage (Siddharth Kara, 2006)

Increasing Indebtedness in the U.S.



Increasing Indebtedness in the U.S.

U.S. Housing Price Index Since 1900



Source: Observations (ObservationsAndNotes.blogspot.com)

Increasing Indebtedness in the U.S.

- 1950: 983 square feet
- 1960: ~1200
- 1970: ~1400
- 1980: almost 1800
- 1990: ~2100
- 2000: almost 2400
- 2008: 2519
- 2010: 2100

<http://www.census.gov/const/C25Ann/sfttotalmedavgsqft.pdf>

http://switchboard.nrdc.org/blogs/kbenfield/us_home_size_preferences_final.html

Increasing Indebtedness in the U.S.

- Middle class U.S. families saved 11% of take home income in 1970's.
- Today, they save less than 0%



Increasing Indebtedness in the U.S.



- ‘Home ownership has been an important vehicle in creating a solid white middle class, but it has not done the same for most black homeowners, because blacks and whites buy homes in very different neighborhoods.’
- Dorothy Brown, *How Home Ownership Keeps Blacks Poorer Than Whites* (Forbes, Dec 10, 2012)



Increasing Indebtedness in the U.S.



- ‘The recent crash and subsequent rebounding of the market— “fiscal cliff” jitters notwithstanding—show how meaningful this is: White median net worth is down by only 16%, while black median net worth is down by 50%.’
- Dorothy Brown, *How Home Ownership Keeps Blacks Poorer Than Whites* (Forbes, Dec 10, 2012)




Christian Restorative Justice: Interest Rate Lending

- Profiting off of a poor person's misfortune
- Increasing debt is a form of slavery
- Not a form of relationship within the Trinity

Christian Restorative Justice: Interest Rate Lending

- Profiting off of a poor person's misfortune
- Increasing debt is a form of slavery
- **Not a form of relationship within the Trinity**



Father, may I
share in your
Spirit?

Son, only if
you give me
MORE...

God's Act of Restoration in Jesus

- Jesus acquired the same corrupted humanity we have (Jn.1:14)
 - He struggled against temptation and never gave in
 - He died to defeat the corruption
 - He rose to give us his new, cleansed humanity by his Spirit
-
- So how do we live in the reality of Jesus' new humanity?

Christian Restorative Justice: Interest Rate Lending and Church Life

- Dedicate money towards low interest loans to help people get out of debt

Churches step in with alternative high-interest, small-dollar lending industry

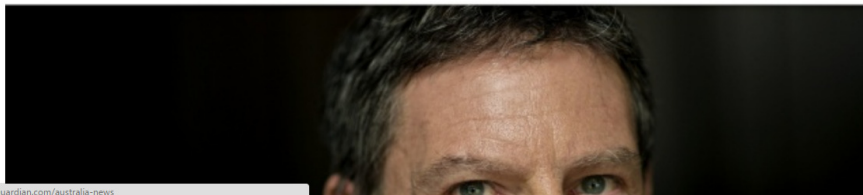
theguardian.com
Winner of the Pulitzer prize

home > world UK europe americas asia middle east africa australia

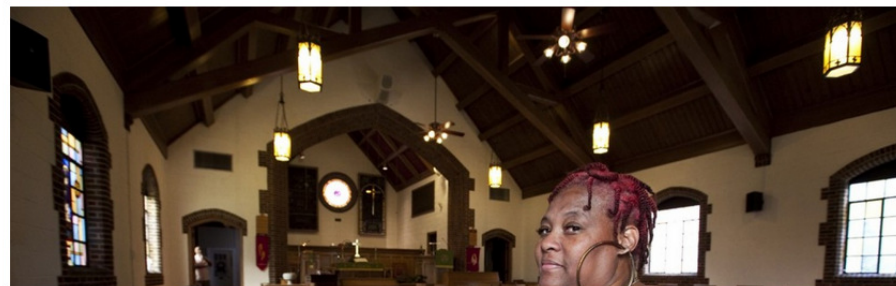
Anglicanism The Observer

Church of England launches credit union network in payday loans fight

Sir Hector Sants deploys UK's 'best branch network' in archbishop of Canterbury's fight against payday lenders




By **Rebecca Robbins** January 9 Follow @rebeccadrobbins



Christian Restorative Justice: Interest Rate Lending and Church Life

- Promote financial literacy
 - Teach budgeting as a life skill, also for effective giving
 - Teach consumer protection (e.g. Consumer Financial Protections Bureau)

 An official website of the United States Government

[Español](#) [中文](#) [Tiếng Việt](#) [한국어](#) [Tagalog](#) [Русский](#) [العربية](#) [Kreyòl Ayisyen](#)



Consumer Financial
Protection Bureau

Contact us **(855) 411-2372**

Search



[HOME](#) [INSIDE THE CFPB](#) [GET ASSISTANCE](#) [PARTICIPATE](#) [LAW & REGULATION](#) [SUBMIT A COMPLAINT](#)

Compare financial aid and college cost

When it comes to choosing a college, we can help you make informed financial decisions about paying for college. Understand loan options, compare your financial aid offers, and learn about student banking. [Get started and compare your options.](#)



[Consumer advisory: You've got options when it comes to overdraft](#)

We're announcing an enforcement action against Alabama-based Regions Bank for charging overdraft fees to consumers who had not opted-in for overdraft coverage. We're

MAY 11

[Income from the Section 8 Housing Choice Voucher Homeownership Program shouldn't mean you don't qualify for a](#)

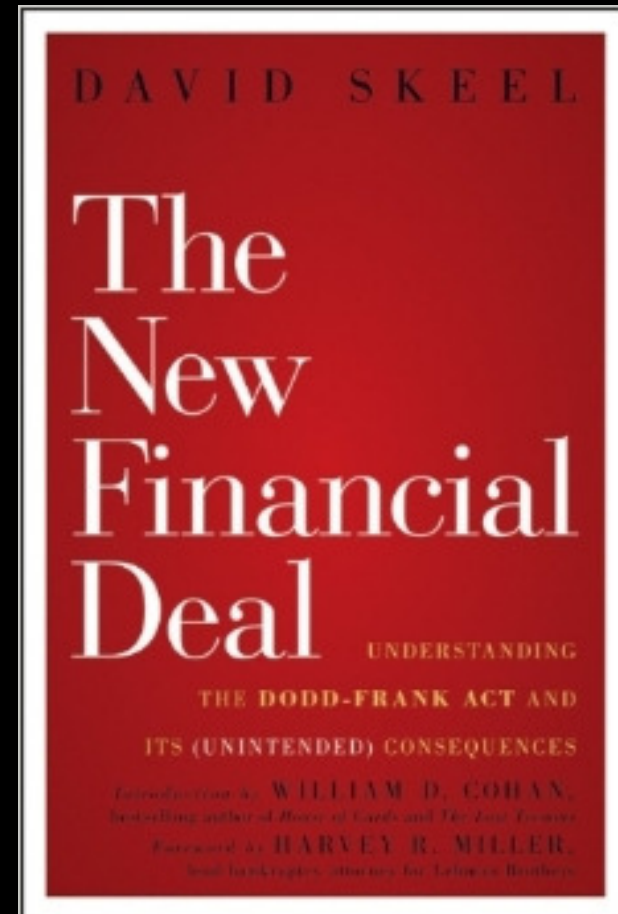
Christian Restorative Justice: Interest Rate Lending and Church Life

- Reinstatement Glass-Steagall
 - Former Citigroup Chairman and CEO Sandy Weill, considered one of the driving forces behind the considerable financial deregulation and “mega-mergers” of the 1990s, surprised financial analysts in Europe and North American by “calling for splitting up the commercial banks from the investment banks. In effect, he says: bring back the Glass-Steagall Act of 1933 which led to half a century, free of financial crises.” (July 25 2012)



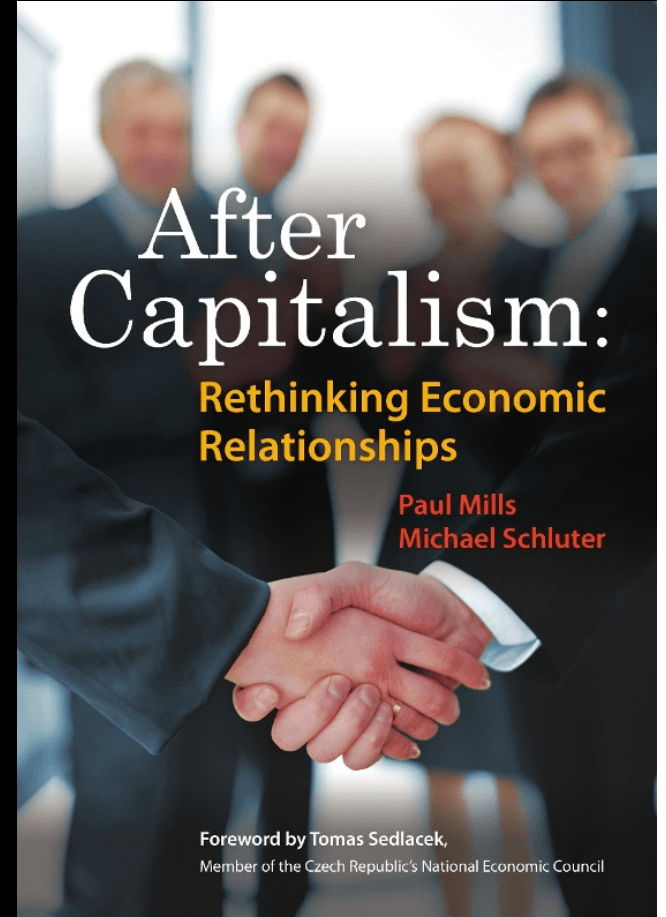
Christian Restorative Justice: Interest Rate Lending and Church Life

- Strengthen Dodd-Frank



Christian Restorative Justice: Interest Rate Lending and Church Life

- Push for equity sharing, not debt financing



Christian Restorative Justice: Interest Rate Lending and Church Life

- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money

Christian Restorative Justice: Interest Rate Lending and Church Life

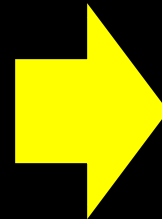
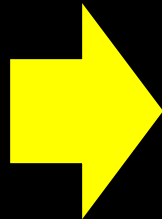
- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money
 - In the mid 19th century, Americans invented 'limited liability' – shareholders not on the hook for debt

Christian Restorative Justice: Interest Rate Lending and Church Life

- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money
 - In the mid 19th century, Americans invented 'limited liability' – shareholders not on the hook for debt
 - **Banks are also limited liability corporations**

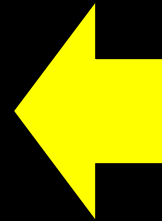
Christian Restorative Justice: Interest Rate Lending and Church Life

- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money
 - In the mid 19th century, Americans invented 'limited liability' – shareholders not on the hook for debt
 - **Banks are also limited liability corporations**



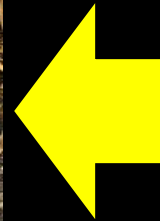
Christian Restorative Justice: Interest Rate Lending and Church Life

- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money
 - In the mid 19th century, Americans invented 'limited liability' – shareholders not on the hook for debt
 - **Banks are also limited liability corporations**



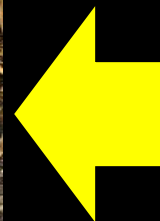
Christian Restorative Justice: Interest Rate Lending and Church Life

- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money
 - In the mid 19th century, Americans invented 'limited liability' – shareholders not on the hook for debt
 - **Banks are also limited liability corporations**



Christian Restorative Justice: Interest Rate Lending and Church Life

- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money
 - In the mid 19th century, Americans invented 'limited liability' – shareholders not on the hook for debt
 - **Banks are also limited liability corporations**



Christian Restorative Justice: Interest Rate Lending and Church Life

- Why is debt financing dangerous for all relationships?
 - Debt is used as a substitute for money
 - In the mid 19th century, Americans invented 'limited liability' – shareholders not on the hook for debt
 - Banks are also limited liability corporations
 - Debt is pollution in the financial system, even with bankruptcy laws