

## EDITORIALS

# Poor suckers

## *Natural prey in the Natural State*

ARKANSAS remains a loan shark's paradise. It's not just the payday lenders that are collecting outrageous interest fees from the poor and desperate—and ignorant. Income tax preparers are doing much the same thing through what H&R Block used to disarmingly call Rapid Refund loans. Thanks to a federal court order, those must now be called "refund anticipation loans." (God bless the courts of the United States; they may be the only branch of government with a conscience on this subject.)

Some of these loans can come with interest rates above 300 percent a year, which puts the tax preparers in the same predatory class as payday lenders, who'll kindly advance you money on your paycheck at an unconscionable rate of interest. Tax preparers will do the same on the basis of your anticipated tax refund, especially if you're so poor you get an Earned Income Tax Credit instead of having to pay income tax.

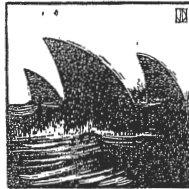
Surprisingly, the small print says nothing about a pound of flesh, but the effect can be almost as devastating once somebody gets hooked loan after loan after loan . . . Ernie Ford, who owed his soul to the company store, had no idea how rapacious our souped-up, modern chain-store lenders can be. There's a reason so many payday lenders are found in poor neighborhoods or just outside military bases, where some of the more responsible commanders have marked them Off Limits to their personnel.

This isn't some far-away plague. Did you hear the news the other day? Little Rock ranks seventh in the nation in tax loans—trailing only Memphis, Birmingham, Norfolk, Greenville, S.C., Atlanta, and Newport News, Va. What do all these cities have in common? They're in the South and they abound in poor suckers.

Why the South? To quote Jill Zeman's story in Tuesday's paper: "Some research-

ers are stumped as to why Southerners tend to use tax refund loans more than other taxpayers in the country."

Really? It's a continuing wonder what will stump economic researchers. Maybe the problem is their being sophisticated about economics but not about sociological reality here south of Mason-Dixon's. The explanation may be cultural: Payday lending and refund loans are the natural successors to the worst of the sharecropper system in a culture that, before tenant



farming, was rooted in plain slavery. But wherever schools lag, especially in economics education, and the poor and ignorant abound, you'll find folks who are only too happy to take advantage of the least among us—at 300-plus percent interest. And politicians who are only too

willing to go along.

Did you see what happened to the bill in the Legislature that would fine lenders who collect more than 17 percent on their loans? Sponsored by a couple of conscientious lawmakers—Jay Martin of North Little Rock and Tim Wooldridge of Paragould—that sucker never made it to the floor of the House.

A similar bill, sponsored by Tracy Steele in the state Senate, also stalled. Senator Steele says he'll try again next session. Let's hope so, but we hate to think of the poor suckers who'll be taken advantage of in the meantime.

The predatory lenders seem to have as powerful a hold on this state's politicians as they do on desperate borrowers. One of the few memorable things Mark Pryor did as Arkansas' attorney general and U.S. Senator-in-waiting was to go easy on loan sharks, having collected his share of campaign contributions from them.

Predatory lending will continue to flourish so long as it has political support, and in this state it does. It's the shame of Arkansas.