

Hamburg, February 2017

New Year Newsletter 2017 "#PoorPayMore ... "

Friends of *iff*, Colleagues, ladies and gentlemen,

My best wishes for a Happy New Year for 2017, in which I am now, after continuous involvement since 1983, able to hand over all responsibility for *iff* to a younger generation.

Looking back. On 30 June 1983, we held a press conference at the Hamburg *Verbraucherzentrale* (Consumer Advice Centre) on conclusion of our [Campaign against Unconscionable Instalment Credit](#). This campaign provided material for over 300 newspaper articles, 15 television programmes and numerous radio interviews. At that time, there was no such thing as social media. It was the high point of a research project entitled [New Forms of Legal Advice to Consumers](#), funded by the German Federal Ministry of Justice ("BMJ") and the European Commission. The central legal and sociological theme of the research was poignantly entitled "Use of Alternative Dispute Resolution to Ease the Burden on the Justice System". I had set out the subject in a creative way and persuaded the BMJ that we wanted more consumers to assert their rights against the banks, while at the same time reducing the pressure on the courts, thereby achieving a relative reduction in court cases.

We were able to achieve both objectives. There were more than hundred thousand claims, but less than 0.1% involved court proceedings. Consumers exercised their rights, because public pressure compelled the banks to provide collective remedies. The law is at its strongest when it does not need state power in order to take effect. Of course, that was not the end of the matter. The claims increased. Consumers discovered that they had been done an injustice and that banks were not invincible. Consumer advice centres learned that complex specialist subject matter can turn on quite simple basic principles, which we formulated in 2002 at international level as the [seven principles of responsible credit](#).

That led to the formation of *iff*. The Consumer Legal Advice Centres were not prepared for the flood of demand. They needed more help, which *iff* provided in its electronic newsletter updates ([Infobriefen](#)). Sadly, the project funding ran out. A resource centre needs finance. This led to our decision to incorporate under the name *Institute for Financial Services in the Circle on Sociology of Law reg. ass.* I was Director of this new one-man organisation. Its first commission was provided by the German Association of the Insured - 'BdV' and it was paid 10,000 DM for a legal opinion. That report was the first and, so far, the last report for that organisation. Consumer protection includes numerous concepts and the idea of an association of the insured as owners of the insurance premiums was not one of ours. But that 10,000 DM paid for a student intern, half a room and postage for the first year. Four years later, in 1987, the *Arbeitskreis* was re-named *iff e.V.*

After more than 30 years I am now fully retired from *iff*. The retirement pension age can amount to 68 if you have such nice comrades-in-arms. In June, Dirk Ulbricht succeeded me as Di-

rector and in November, Udo Philipp and Ingrid Größl as board members. Do not be misled by continuing use of the title of Director of Research in Socio-Economics. I have no more to say, and will say no more on that subject and I am very glad of that. I find funders of our paid surveys, who have few specialist skills or knowledge about what consumer protection is, increasingly difficult to tolerate the older I become. The default conclusions, for example that commission payments are always a bad thing, that national consumer protection is always protectionist, that the Internet is always the best option, that usury is always the fault of the borrowers and developing countries do not fulfil payment transactions, often generate reports which say nothing.

My Statement of Account. I have encapsulated all the things which, over the years, I had to delete from the EU project reports in three books on the theme of "[Das Geld](#)", or "Money". I wrote them over the last five years and they have just been published. They are a text book a reference work. They bring together the lessons I learned from 40 years' inter-disciplinary research on financial services for consumers and small businesses. This experience began in 1976 with the essay on "Hire Purchase Law and Consumer Protection". Dues and debt, money and value, risk and usury, culture and capital, economy and growth, Marx and money, future and futures, poverty and exclusion, community and society, power and myth – anyone being able to understand German and interested in reading how over the years people managed to sit on so many fences, or in searching for answers to questions they have not asked, or in seeking to see the world from the perspective of people in debt, or in wanting to stand a looking-glass world on its head, or in trying to sniff out emotional knowledge, should take a look inside. Topics range from National Bank to National Socialism, from Dollars to Drachmas, and explore concepts such as *changement de terrain*, debtor view, justice approach, cooperation and the use of heuristics. Volume 1 defines the economy as cooperation, credit as partition of labour, interest as participation in growth and risk as a simple heuristic to share unexpected consequences. Volume 2 explains poverty, wealth, debt and debts, as well as myths, from micro-lending to alternative money. Volume 3 sets out how it is possible to use the law in order to take control. Practical examples from past and present are provided in the footnotes, which also examine the literature. Two philosophers make frequent appearances: Aristotle, for an understanding of the reality of the economy, of society and of the law, and Marx, for the discovery of the ideological distortions of these things in our consciousness. Paolo Grossi revealed to me the continuity in the law, and Max Weber the relationship between wealth and charity. Over a thousand others gave rise to possibilities to be debated or rejected.

Anyone who wants to know what the economy, money, capital, risk, CDOs and going short mean; anyone who questions whether justice is perhaps only providing equal freedom to all and that the economy is a form of cooperation, or that interest is incompatible with growth; anyone who wants to learn about the modern and the historical practices of usury and gambling or to study the personal bankruptcy of the Emperor Hammurapi in Babylon – anyone seeking to know more about these things should take a look inside. So much meaningful and useful material needs to be chronicled in order to create the perspective of a future with money, rather than against it. There is no Mr and Mrs Money. These are brooms which are only able to fetch water in fairy stories. Wealth based on money is a chimera. As an image, it leads us to both good and evil. The books attempt to take readers from where they stand, see and are. Nothing you have thought is so simplistic and naive that you should not be able to contribute it to the great policy debates about our future. Try it. The word democracy comes from the people and not from values others seek to prescribe. The scientific and conceptual fortifications of those who know best are full of holes, through which our feeble thinking can pass.

Against usury. A small, fourth book is in print. It explains the financial crisis as usury and gambling, and demonstrates how they can be sustainably eliminated. It uses the knowledge compiled in volumes 1 – 3 and highlights instruments for burying fundamental evils in the riverbed. My

friend David Caplovitz, whose book *The Poor Pay More 1963* can be seen as the seminal work on overindebtedness, studied law at the age of 60. He wanted, as a lawyer, to develop a tort to combat through the courts the destruction of American families by the usurious loans issued by Citibank. Cancer defeated him. In the collection *Banking for People*, whose title was his, and which we dedicated to him, he handed down a legacy to me in the form of his contribution on Credit Card Mania. I have never forgotten this. Like him, as a lawyer, I want to continue the fight against usury in banking, now under the hashtag #PoorPayMore. I would like to raise, as examples, the questions of people unable to obtain representation, people who are unable to pay or who fear to assert their rights. In the general talk about social justice, in which the fight against poverty often ends up as the fight against the poor, I would like to establish a fight against impoverishment. Maybe the actual election campaigns will present an opportunity.

Action should not be confined to Germany. The Coalition for Responsible Credit in Europe and the Coalition for Community Reinvestment in the USA have established principles including the prohibition against usury and the exploitation of crises. This is directed against a continuing practice advocated by that chief ideologue of egoism, Jeremy Bentham, against Adam Smith in 1787 entitled [‘Defence of Usury’](#).

In terms of theory, we have everything on board. Socialists castigate usury as exploitation, social democrats call it taking advantage, liberals refer to it as abuse of market power, conservatives call it irresponsible and religion sees it as greed. Even banks are against it, now that they know that usury in the USA unleashed the subprime (= usury) crisis through credit cards and mortgages. Usury, however, has changed. It has mutated from a dangerous predator into an army of tiny locusts, consuming everything in their path. Money stolen in small amounts has surfaced in the € 10 billion which bank supervisors have identified as the payments made in 2015 to the 5,000 highest earning investment bankers in the EU. More and more people have been discriminated against by the concept of risk, applied to cast their poverty as a symptom of the plague.

A request for help. To enable us to begin this Sisyphean task, we need: mathematical interest calculation reports, economic statistics on money and social hardship, family case studies, individual cases, debt advisers, consumer advice centres, journalists, experts for social media, and politicians prepared to give public support. All that requires funding. *iff* has a role to play in this work. For that, it needs financial backing. As a non-profit, it is able to take donations with tax credits. Please consider this. Even small contributions help. You can use #PoorPayMore to suggest how funds should best be applied. Other purposes are also welcome.

I would like to thank Udo Philipp and Dirk Ulbricht, for allowing me to write one more New Year Newsletter for *iff* which also promotes my own endeavours. Many thanks also to Rosemary Conaty-Foggitt who again translated this letter. I would also like to thank the over 100 *iff* employees who have made these 30 years possible. Above all, I would like to thank you all, for making our work possible for so many years, surviving all the crises we encountered. Working for money and against it between financial ruin and prostitution is not always painless. Your confidence was a rich reward, your criticism an incentive. Thank you!

