

OPINION

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Time To Abolish Debt Slavery

The Nation: Credit Card Companies Use Tricks And Traps To Trap Users In Debt

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March 22, 2007



(AP / CBS)

(The Nation) This column was written by *Nicholas von Hoffman.*

In the old days, banks lent money to people they were confident would pay them back. No more. These days, banks search for people who cannot pay them back and lend them money anyhow.

These unsecured loans come in the form of credit cards. And the banks cannot find enough young people, students, sick people and old people on small fixed incomes to give credit cards to.

QUOTE

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Once they've got them signed up for a card the tricks and traps begin. From then on their victims will spend their money and their lives paying on a debt which they will never discharge. It's as though they had been thrown into a new form of indenture to Citigroup or J. P. Morgan Chase.

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card-issuing banks do to people was given to the Senate Subcommittee on Investigations, where Alys Cohen of the National Consumer Law Center, testified about "a young Navy sailor who opened a credit card account with First Premier Bank on November 21, 2006. The credit card had a \$250 credit limit and a 9.9 percent APR for purchases. The same day that the sailor opened the account, he was assessed two fees — a "Program Fee" of \$95 and an "Account Set-Up Fee" of \$29. The next day (November 22), he was assessed a participation fee of \$6. Three days later (November 24), he was assessed an annual fee of \$48. When this young sailor received his first month bill, which had a closing date of Nov. 24, 2006, he had already accrued a balance of \$178, without making a single purchase.

"The next week, the young sailor used the credit card for four transactions totaling \$84.85. On Dec. 22, 2006, he was assessed a participation fee of \$6. With all these fees, the young sailor was already over his credit limit, despite making less than \$85 in purchases on a card with a \$250 limit. He was assessed an over-limit fee of \$25 and a late fee of \$25, plus a finance charge of \$1.96, on Dec. 26. He now owed a balance of \$320.81."

The Wall Street Journal, covering the same Senate hearing, recounted the story of "an Ohio credit card holder named Wesley Wannemacher, who recounted for the committee how he wound up paying \$6,300 on a \$3,200 debt on a credit card issued by J.P. Morgan Chase & Co., and still owed \$4,400. He was charged \$4,900 in interest, \$1,100 in late fees and \$1,500 in over-the-limit fees. Chase eventually forgave the remainder of what Mr. Wannemacher owed, but Mr. Wannemacher said Chase only told him that after he was called to testify before the subcommittee."

It used to be that, if a person were caught in the credit card web, all else failing, he or she could get out of debt servitude by declaring bankruptcy. The new bankruptcy law, lobbied through Congress with **help from the credit card interest**, makes bankruptcy painful, expensive and hard to get.

With the Democrats in control — they are somewhat less tainted with bank money than the Republicans — some kind of a new credit card law is a possibility. It might make the tricks and traps used by the banks on their credit card customers illegal.

But that approach is slow, cumbersome and ineffective. A simpler law would

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Help

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make credit card debt arising from tricks and traps uncollectible in the courts. Take away the banks' power to force payment.

In the meantime if you need money to pay your medical bills or get your car fixed, get a loan from the Mafia. You'll get a lower interest rate and better terms.

By Nicholas von Hoffman
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What a piece of LIB s**t article. Socialism is their answer. Personal responsibility be damned.

Posted by [mbcsmith](#) at 12:50 PM : Mar 24, 2007

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MichelleM99 - Obviously, blindness is a factor. However, when one enters into a binding contract, one should make certain he or she fully comprehends every facet of the agreement. The help of a trusted relative or friend to assist in reading the legalese is a must if that cannot be accomplished by oneself due to blindness, lack of a certain level of sophistication -- whatever! We of sound mind are responsible for ourselves and our predicaments. Corporate America is going to squeeze every cent out of those of us who do anything less to protect ourselves.

Posted by [Hedonist3](#) at 09:02 AM : Mar 24, 2007

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HOW MUCH YOU WANT TO MAKE A BET THAT AT SOME EARLIER POINT THE GOVERNMENT ADVISED BANKS AND LENDERS TO "EASE-UP" IN ORDER THAT EVERYONE WOULD HAVE ACCESS TO LOANS ... NOT JUST THE WEALTHIER POPULATION. HEY LISTEN UP, BORROWING MONEY IS A PRIVILEGE AND IT IS A BUSINESS DON'T BORROW MONEY IF YOU CAN'T PAY IT BACK!!!!!!

Posted by [mbievtea](#) at 04:53 AM : Mar 24, 2007

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Part Two:

Recently, what is happening is, other events are taking place at an alarming rate and are being foisted on me one after the other. I go to the garage for car repairs and they always find something else that needs to be done. I could have FIOS installed for nothing so that I would be dragged into increased expenses after the installation. I had automatic downloads on my computer so that I could keep up to date. Then I started getting messages that I needed to pay for upgrades and that I needed to add other external devices.

I'm about ready to disconnect any electrical devices I don't need, destroy my computer and have my teeth pulled. Then I'll take a blanket, move under a bridge, tell my next door neighbor to move over. Then, I'll hide away blissfully with my new found friends and begin throwing pebbles (they are still free) into the river.

You can't avoid corporate money suckers these days. But, you can learn to say, "NO!"

GLAC

Posted by [r9119111](#) at 03:29 AM : Mar 24, 2007

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Part One:

It seems to me that many of us have been unsuspectingly caught in a trap. We were just going along minding our own business, watching television, enjoying life with our children and life was good. We were buying those

interesting things we saw on T.V. and then prices went up and our wages didn't. So, we started borrowing more and more and began to fall farther and farther behind. We were urged by our President after 911 to keep spending. (I wondered why he said that.) Then, I'm just an amateur at this game of life, so I continued to do as suggested, until, one day, I began to realize how foolish I had become.

My earnings weren't going up, my bills were, life was no longer good and I started to panic. I can only speak for myself so this is what I did. For my own survival, I did stopped spending on things I didn't need and started saving instead. Life started to get better. Then I noticed, in order to get dental insurance, I had to join a Credit Union to get dental insurance so I could have my teeth fixed at a lower rate: supposedly. That didn't work. My bills were even higher. (Continued in: Part Two)

Posted by r9119111 at 03:22 AM : Mar 24, 2007

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I do know how to read. I feel that a legally blind person,I can't see to read the fine print.I think that they should make the print big so all can see to read it.I dis not ask to be blind as I have been from birth. I have to live the world. I need it in the format that I can read. I am in my 50s. I went school and gratuated high school. I love to read.I aware the companies make money and that money you dutiful pay and they get higher. I live in my means. I have to .

Posted by MichelleM99 at 01:23 AM : Mar 24, 2007

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Posted by MichelleM99 at 01:23 AM : Mar 24, 2007

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Regarding some of the comments about credit, I'd have been absolutely scr3wed without credit during some of our medical emergencies. It takes 3-5 years to dig out of a medical crisis but it's better than going bankrupt. Credit is not bad, unscrupulous lenders are bad.

Posted by bellaL at 11:55 PM : Mar 23, 2007

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Oh, good grief! So, Corporate America is "against" most of you snivelers, blah-blah-blah. Fact of life: Corporate America is in the business of making money. Has something to do with capitalism and other things like employees' wages. If you're not bright enough to read - and comprehend - the small print, you have no business having a credit card. If your credit history is in the toilet, you have no business having a credit card. It's so simple; a no-brainer, if you will. Educate yourself, work diligently, live below your means, pay your bills...and no minimum payments allowed. Payment in full is mandatory; easy if you live beneath your means, have a high school education, budget, and all that other neat financial stuff. From these posts, it looks like common sense is truly dead. Nothing is ever "my fault".

Caveat emptor -- it's really a very simple concept.

Posted by Hedonist3 at 10:07 PM : Mar 23, 2007

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I am paying off my last credit card. After that debt is paid, I WILL NEVER own another credit card. Never.

Posted by Scott4261 at 05:58 PM : Mar 23, 2007

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