



Arkansas Says "No Way" To Payday Lenders

Are you sick of living in an area crammed with payday lenders on every corner, maybe Arkansas is the right place for you.

On August 11, 2009, the final payday lending storefront shuttered its doors in Little Rock, Arkansas. Though the Arkansas Constitution limits interest on loans to 17%, a decade-old law enabled payday lenders to dodge the issue and charge triple-digit interest on loans.

Needless to say, the law had many vocal opponents. And, in an example of the judicial system at its best, the Arkansas Supreme Court found the law unconstitutional in 2008.

But did the government interfere with the free market? No way.

Michael Novak says our economy rests on a three-legged stool comprised of **political freedom, economic freedom and moral restraint**. Without any of these three "legs," the economy—as we know it—collapses.

In this instance, payday lenders had no moral restraint. They commonly took advantage of lower-class people by charging outrageous interest rates. So the government had to step in and pass laws to keep these predators from operating.

Capitalism without moral restraint is anarchy. Anarchy is anything goes—no laws, no restrictions, total chaos. **A true capitalist believes in moral restraint.**

So when a scummy "businessman" attempts to make a profit by charging 300% interest rates to lower-income citizens, the government can—and should—step in and shut down the business.

This isn't new. The government has laws against all sorts of unscrupulous activity. If some dirt bag decides to make a profit from child pornography, then he will eventually find himself in a jail cell. If the citizens of a capitalistic society have no moral restraint, then the government will eventually provide it.

But what about credit card companies? The credit card companies are operating a bad product—it's definitely predatory—but the customers are not all poor people. The companies are not beating up one segment of society. The credit card companies should not be put out of business by the government, but they should be put out of business because you quit using their stupid product.

So, yes, the government does get involved in too many things. But, in some cases, people must be protected from predators—because predators don't have moral restraint.

The question is: With Arkansas leading the way in removing these types of predatory payday lenders, **will other states take notice and follow suit?**

Learn how you can change your personal economy and incorporate moral restraint with Dave's best-selling [Total Money Makeover book](#).

