

Borrowers and lenders

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The Bank of America Tower in Midtown Manhattan. [Attribution](#) [Some rights reserved](#) by [Bosc d'Anjou](#).

More than three years after recklessly speculative banking practices plunged the U.S. economy—and especially the housing market—into a freefall, five of the nation's largest banks agreed to provide \$26 billion in relief to people struggling to pay mortgages or whose homes have been foreclosed. The banks are not doing this out of an inherent sense of justice; they've been pressured into it by the Obama administration and attorneys general from all 50 states, who have evidence that the banks have evicted home owners on the basis of improper or false documentation.

The legal settlement announced in February is widely seen as little more than a slap on the wrist for the banks, which are hugely profitable again after the industry was saved by the government's bailout. About 2 million home owners will be helped in the settlement, but the number who have lost their homes stands at 4 million, and 3.3 million more are close to foreclosure. Thousands of people who have lost their homes will now receive checks for about \$2,000—not much recompense for lives turned upside down. The Obama administration has vowed to pursue further settlements with the banks.

Meanwhile, Americans are finding other ways to hold banks accountable to serving the common good. As banks impose more and more fees on their small (and less profitable) account holders, customers are turning from banks to credit unions, or

financial cooperatives, which are oriented more toward service than profit. Felix Salmon, writing in the *New York Times*, reports that 1.3 million Americans opened credit union accounts in 2011—double the number in 2010—and he forecasts that if the trend continues, it will force banks to pay attention again to customers with modest incomes.

Local activism of another kind has already had an impact in Milwaukee. The community organization Common Ground, a network of congregations, small businesses, nonprofits, colleges and labor unions, has convinced big banks to contribute \$34 million in cash and mortgage commitments to revitalize Milwaukee neighborhoods that have been decimated by foreclosures. Common Ground members spent months tracking foreclosure actions and documenting how banks had neglected the upkeep of foreclosed properties. Common Ground members went to shareholder meetings to confront bank leaders—in one case flying to Frankfurt to meet the executives of Deutsche Bank. (Common Ground's slogan: "German immigrants built Milwaukee; now a German bank is destroying Milwaukee.")

For centuries Christian theologians rejected the practices of banking, being mindful of scriptural prohibitions against the charging of interest. They changed their minds in the early modern era not because they thought lending at interest was a completely innocent activity, but because they thought it could be made to serve the common good. They decided that matching capital with economic needs, if done with integrity and not for exorbitant profit, could strengthen community and enhance the common good.

That remains the Christian understanding of banks. Banks could use more reminders of that understanding and more organizations like Common Ground to help them recover their mission of investing not just in properties but in individuals and communities.