



MISSION

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CATALYST

Intelligent comment on faith and culture

FORGIVE THEM US THEIR OUR DEBTS



Writing off preconceptions about debt

JUBILEE DEBT

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LETTERS

RAISING QUERIES AND QUESTIONS AMONG PROGRESSIVES AND CONSERVATIVES WAS, TO AN EXTENT, WHAT WE HOPED TO DO WITH OUR LAST ISSUE. MISSION ACCOMPLISHED?

UNIMPRESSED AT SEA

I picked up your magazine at my Baptist church yesterday at an event with visiting BMS medical missionaries. It looked enticing to a progressive (note: not 'liberal') Christian like me who is somewhat doubtful about evangelism and mission as usually understood in Baptist circles. Maybe this would really be brave enough to tackle hard questions about biblical authority, inspiration, atonement theories etc. David Kerrigan's editorial was promising.

However (sorry Michael Gove!), I read each article with growing disappointment as none, apart from the last by Dr Instone-Brewer, and some of David Kerrigan's, said anything clear or risky about their approach to reading the Bible. Do they believe it to be literally inspired word by word or a human record of experiences of God; have they read any of the Jesus Seminar's work, even the late Marcus Borg, normally more sympathetically received by evangelicals (and who debated with Nigel Wright in *The Meaning of Jesus: two visions*)? Surely we have moved beyond 20th century ideas of social gospel liberal versus conservative theology. It was all way too timid and careful for me.

I am a member of the Progressive Christianity Network [pcnbritain.org.uk] and recommend a look at their website for a mind-opening look at the truly wide and honest debates among members who affirm respect for each other's views and accept the need to question and face uncertainty in the light of so much research into biblical texts and origins.

Sadly I won't be taking out a subscription to *Catalyst* after all.

I must say that our visiting BMS missionaries gave us a genuinely inspiring update about their work and commitment to 'Jubilee' good news for the poor and marginalised. Their faith and courage was evident as inspiring their works, but believing in salvation only by assent to certain dogmas or versions of salvation/atonement didn't seem to be paramount.

Yours very sincerely,

Liz Vizard

MORE IMPRESSED AT SEA

I thought I would drop you a line to express my appreciation for the current issue of *Catalyst* – excellent.

John Weaver
Bedfordshire

Thank you again for another good set of reflections in the latest issue. *Mission Catalyst* always introduces a new conversation partner for me on these meanders.

I was, however, surprised by the somewhat flaccid vision of Jesus David Kerrigan's article gave us. Of course Jesus "taught us to turn the other cheek and love our enemies..." But didn't Jesus also acknowledge he came in part to cause division (Luke 12: 51)? And wasn't it before Jesus that hundreds of men fled in fear because of his moral outrage (John 2: 13ff)?

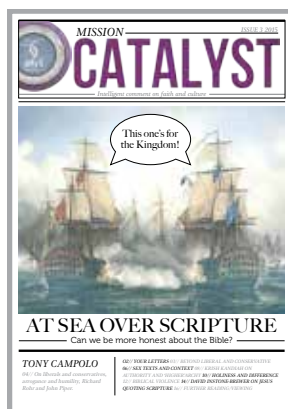
If the Old Testament images of violence, especially when ordered by God, cause us discomfort, how do we treat some of the final images of the violence delivered by Jesus in Revelation (Revelation 14: 14ff)?

Though an "ethical trajectory, culminating in Jesus as the peacemaker" is neat, is it sophisticated enough to fit with all the biblical

information before us? Does it sentimentalise the robust edge to the love of God of his rightful, effective fury at evils? When did Jesus put down his sword? Is it possible that only (though essentially) seeing a Jesus of love is not to see the full Jesus of the Bible, nor actually the Jesus we would want as the sovereign? And is it possible that just such a recognition is a key element to the very tension of violence David Kerrigan rightly and bravely raises?

Thank you for the stimulus to think.

Alex Harris



All letters to Mission Catalyst at PO Box 49, 129 Broadway, Didcot, OX11 8XA and emails to catalyst@bmsworldmission.org will be considered for publication and may be edited for length and style if selected. Many letters are invited. Not all are chosen.

FORGIVE US OUR DEBTS?



DEBT PLAYS A CRUCIAL ROLE IN OUR WORLD. THE CHURCH SHOULD BE INFORMED BY ITS BELIEFS AND ABOUT THIS IMPORTANT ISSUE.

Everyone's talking about debt these days. And so they should, for it's a critical issue.

But is debt a bad thing? Is it reasonable to say that there's good debt and bad debt? Good debt seems to me to be manageable – a mortgage is hopefully a manageable debt if we're not encouraged to borrow too much, and if we don't lose our job.

I discovered years ago that it was cheaper to borrow to buy a newer car than continually pay repairs on an older model while saving for the next one. But for that you'll need a good credit rating, so, often, the poor lose out. Lending can be a system that looks after those most able to look after themselves.

Then there's the scourge of the credit card and the temptation for people to max out on their cards and find they owe huge sums, often frittered away on bad choices. Thrown into the hands of loan sharks, life quickly goes from bad to worse. Debt can be a killer.

The UK gives aid to poorer countries, much of which has been good and has addressed life-critical issues such as

health and education. But might we have done better to focus on job creation, through loans rather than grants?

This summer was dominated by the Greek debt crisis – mind-boggling sums of money owed by a country that seems to have little hope of repaying them without denying reasonable services to a whole generation.

Who's to blame? The Greek people for not paying enough in taxes? Their leaders for gross incompetence? The lenders for allowing such loans to be taken without asking the right questions about the ability to repay?

Then there are the banks! New legislation has separated high street and investment operations, but if you want banks to be more ethical, are you prepared for your pension fund to offer lower returns? Yes, you and I might be poorer.

These issues are complex, and they do help us see that applying a Christian mind to issues of debt is not an easy thing. Don't make the mistake of applying simplistic biblical lessons from proof texts: should we really sell

our possessions and have all things in common? Save me from the commune please!

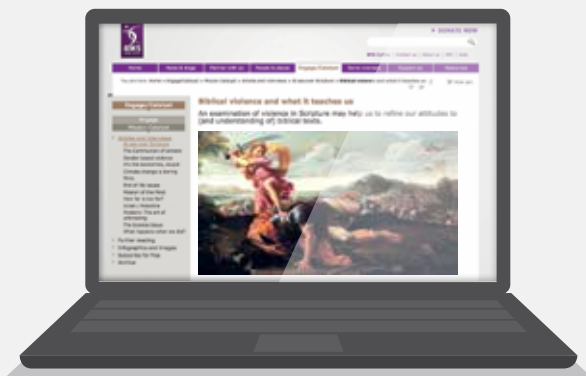
You'll look to the Bible in vain if you want it to tell you whether to belong to political parties left, right or centrist. Capitalism or Socialism? Proof texts for each! And you won't find anything telling you not to borrow. What about "neither a borrower nor a lender be"? Try Shakespeare!

And that is the key here. I suspect that the biblical principles will revolve around the timeless truths of loving God (not mammon) and neighbour rather than banking systems. The command to be selfless, to help people in need, to think less of ourselves than we might – these are fundamental kingdom principles with real economic implications.

You'll find teaching about planning wisely and not assuming the future is predictable, for you or for others. Biblical teaching about the justice of God will dictate how we should live in any economic system.

One thing is for sure. Our current system isn't working for billions of people. If we can get this right, future generations will be in our debt and, for once, that will be a good thing.

David Kerrigan
General Director



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DROP THE DEBT:

PRAGMATIC, PROPHETIC OR PIE IN THE SKY?

PROPHETIC IMAGINATION AND THE WITNESS TO GOD'S EXTRAVAGANT LOVE ARE AT THE HEART OF JUBILEE.

Greece is certainly the word that is hitting European headlines as it clashes horns with Germany over how to repay the debt it currently owes. To be more accurate, Greece is first working out how to repay the interest that it owes on the debt that it owes. It's bizarre really, because in reality the money doesn't even exist – they could not print that much money, even if the mafia won the contract! It's just a figure, probably on an app that all the European Union leaders have on their phones so they can just hit 'send' whenever one of them reminds the other that they promised to buy the next round of drinks.

Forgetting basic accounting skills of not spending money until you've saved it up, we've all gone and got ourselves up a murky credit river without a paddle. As a result, many are suffering and panic is setting in, especially for those citizens who can't even draw out their own hard-earned cash to feed their children and pay their bills. As usual, the few who are likely benefitting from any of this are those for whom each day of delayed payment means more interest owed. Like the winner in *Monopoly*, how eagerly those hands must rub at the thought of this pretend money.

Some have called for Greece's debt to be dropped, freeing this country to concentrate on other vital things such as curbing the growth of volatile extremism and playing their part in caring for the desperate people crossing the Mediterranean in overcrowded boats. But is this really feasible?

Well, it wouldn't be a first. Other countries have had their debts cancelled, mostly when coping with extreme poverty, famine or epidemics. Recently, Liberia has had some debt written off so it can continue to build its economy after being devastated by the Ebola outbreak. Who wouldn't want Liberia to recover and thrive after such an awful episode?

“ WAS JUBILEE JUST A UTOPIAN MIRAGE, OR CAN IT BE A PRACTICAL SHALOM-SOLUTION? ”

It also wouldn't be unbiblical. God-followers in the Old Testament were given Jubilee as a regular model of releasing people from their debts. An opportunity to wipe the slate clean, to start again. To have a debt cancelled is to be born again in so many ways. The trouble is, it was never implemented. Perhaps the same myths abounded then as they do now – if we drop their debt they will just spend it all again; we can't trust them because they obviously can't manage their money; if we drop their debt others will think they can just get away with it too.

Speak to any individual who is in serious financial debt and I would wager a bet that you are more likely to find someone whose release from debt springboards them into intense gratitude and renewed hope for life rather than someone who is plotting how

to get themselves into such a pit of despair and anxiety again as soon as possible. So why do we doubt that countries will be the same?

Was Jubilee just a utopian mirage, or can it be a practical shalom-solution? In 2003, after several years of distributing food to those in need, a group of 16 churches in Fremantle, Australia, decided to apply the biblical concept of Jubilee in their community through extraordinary, radical and generous acts of kindness in order to reveal the extravagant and unconditional love of God. Between them they raised enough money to pay off the utility bills for residents at risk of having their services cut off and the rent for

residents threatened with eviction. They donated \$120,000AUD and worked with the utility companies and the housing authority to release the debts of all those they identified in need.

Sorting out the economics of a nation may seem beyond us, but for 16 churches it was perfectly achievable and radically transformational for them to raise \$7,500AUD each. It seems to me that they followed Jesus' example by being surprising, by challenging what is accepted as normal and by offering an alternative way to respond. I wonder what a group of churches in your town, borough or county could do together?

To read more about those Australian churches, see our Further reading section on page 16.

T I M E T O
G I V E U P O N
J U B I L E E ?

SHOULD WE REPLACE UNREALISTIC AND
ANACHRONISTIC RESPONSES TO INTERNATIONAL DEBT
AND FINANCE WITH MORE PRAGMATIC ONES?

Thanks to the Millennium Development Goals, extreme poverty has been halved in 15 years of co-ordinated action and intelligent aid investment. The Sustainable Development Goals (SDGs), which replace them, will mark a new era in the struggle to go a step further towards eradicating extreme poverty over the next 15 to 20 years. Yet, of the seventeen new SDGs, only five look like traditional development approaches. The world has changed hugely since 2000. The Overseas Development Institute (a leading humanitarian and development think tank) notes that we live in an era where annual foreign direct investment (FDI) and remittances represent eight times the flow of resources to the world's poorest that all global aid accounts for.

Justine Greening, the Secretary of State for International Development, recently remarked to UK aid agencies: *"Lifting a billion people out of poverty will cost far more than development budgets could ever provide. It needs investment from governments and the private sector... Ultimately it is jobs ... and enterprise that will finally defeat poverty for good."*

Having worked in poverty eradication through integral mission for the last 15 years, I must reluctantly agree with Justine Greening. Poverty eradication requires job creation. Shy of national conscription, only industrialisation can create jobs on a massive scale.

Industrialisation might seem like a strange conclusion to reach. It is, after all, the nemesis of environmental sustainability. Yet, the best way to curb environmentally destructive industry

is through technological innovation. Investment and debt, return and growth. The greater the return, the greater the innovation that accompanies re-investment.

I appreciate that this vision naturally evokes an image of risk, foreclosure, failure, sweat shops and rapidly urbanised dystopias of social dysfunction and pollution. However, far from being dystopic, the reality is that the rich have distributed their wealth through investment with the prospect of return. Generally they have also

Smith, but it is problematic that, in 2015, so much of the Church's missiology of poverty eradication (as seen in ideas like Jubilee) remains deeply pre-industrial in tone. As Professor Jeffrey Sachs notes, "wealth is not a zero sum game," the rich may get richer, but so will the poor. Perhaps it is time to embrace compassionate capitalism, investment and debt as the more likely solutions to the developing world's problems, than waiting for a new system or a Jubilee that will never come.

“ THE REALITY IS THAT THE RICH HAVE
DISTRIBUTED THEIR WEALTH THROUGH
INVESTMENT ”

carried debt in order to enable the huge capital flows associated with Foreign Direct Investment. Typically, Global South credit markets are horrifically expensive, although some debt is now increasingly borne by citizens of developing countries. This can be positive: indigenous economic growth is likely and capital flight less likely.

Of course, 'redistribution of wealth' remains the leitmotif of countervailing 'Jubilee' theology. However, this argument is trapped in the anachronistic economy of agrarian Old Testament culture. Paradoxically, debt, capitalisation, growth and industrialisation offer a new kind of job generating 'yobel' [Jubilee, liberation, release] to an industrialising Global South.

We must always choose Jesus over Adam

Ethical investment, business as mission, venture philanthropy, funding circles and 'pro-poor' banking innovations are at last providing a more ethically responsive pathway of lending and job creation. These new investment models are making an implicit argument: *it is a waste of time advocating for a different global political economy. Let's work towards an ethical capitalism which enables a less brutal transition to poverty eradication, industrialisation, population plateau and safeguarding of the environment.*

I think the argument is worth considering. And that will mean considering abandoning cherished, but simplistic and ultimately unhelpful attitudes towards debt.

Tim Jones is Senior Policy and Campaigns Officer for the Jubilee Debt Campaign, a coalition of groups calling for the cancelling of unjust and unsustainable national debt around the world. He is also a member of Bloomsbury Central Baptist Church.



Q&A

JUBILEE DEBT CAMPAIGN

THE JUBILEE DEBT CAMPAIGN STILL HAS MUCH TO SAY ABOUT DEBT, FAITH AND THE FINANCIAL CRISIS.

The Jubilee Debt Campaign was a cause that churches got involved in in the past, but it seems that debt has dropped off churches' radars. Why do you think that is?

It's still a really vibrant campaign, but the profile has definitely changed. Campaigns ebb and flow. The Jubilee Debt Campaign was successful – \$130 billion in debt was cancelled. Lots of countries were excluded from that though, and we didn't tackle the root causes, which is why we keep getting these recurring debt crises. But people were actually thinking, "oh well we solved this problem," which wasn't helped by people like Bono saying the problem had been solved when it hadn't been. But just because something has been achieved

doesn't mean we should stop fighting for the bigger things beyond that.

I think the 2008 financial crisis has created a different context and has given us opportunities to challenge the financial system. But I think lots of churches are more scared now, because the financial issues that we're talking about aren't just about people far away. They're affecting people in the communities here. And challenging the powerful when it's about somebody far away is a lot easier than when those powerful people are in our own communities.

What's the one thing that you think people get wrong most about debt?

The idea that a debt must be repaid. In a lot of the ways our economy works, it's just accepted that that's not the case. In financial markets, in companies, there are constantly times in which debts are not repaid. But as soon as debt transfers onto governments or, in some circumstances, to individuals, it goes from being this economic relationship where lenders and borrowers know the risks that they're getting involved in, to this 'moral' one where the moral thing to do is you must always repay your debts. And that's really, I think, the biggest problem. This idea that morally the best thing to do is always pay your debts.

Sometimes the best thing for a

government to do is actually to stop paying if creditors aren't willing to cancel them. But also for individuals, I've met people who are in debt to pay-day lenders and there's no way they can ever repay those debts. They need to stop paying them. There are systems that exist for cancelling personal debt. But instead, they keep labouring under them for so long because they think it's a moral failure if they don't repay. Actually, sometimes the best thing to do is not to repay a debt. Which is linked to the other thing that people always get wrong: thinking that debt is just about the borrower and not about the lender as well.

For many Christians, the only biblical concept we really know dealing with debt is Jubilee. What is Jubilee and, more importantly, what isn't it?

In the Old Testament, Jubilee is a time of trying to put right the imbalances, the wrongs that have come into society. Jubilee is a celebration – people are happy that these imbalances have been tackled. The four things that happen at a time of Jubilee are that debts are cancelled, slaves are freed, land is returned to people it used to 'belong' to (because it all belongs to God) and the land is left fallow. All of those things were linked to people who, when they got into debt, had to sell off their land, had to sell themselves and their families into slavery. Jubilee is a way of righting that. It's a principle that's recorded in some of the Jewish laws to do every seven years or every 49 years.

Was that biblical cycle of Jubilee ever put into practice?

As far as we know there's no evidence that this cycle happened, but we do know that jubilees, times of debt cancellation, did happen. There are examples based in history and the Old Testament of jubilees actually happening, but what there isn't evidence of is that they definitely happened every seven years or every 49 years.

what is described in those texts. But the concept of cancelling *some* debts in certain situations is definitely practical. It happens all the time. Amongst private companies it's just accepted that they can go bankrupt and debts are cancelled. Amongst countries it has happened throughout history, but often involves large struggles to get it to happen. When it does, it can often lead to

earthquake or a global financial crisis) and the situation changes and the loan can no longer be repaid – then the lender should share the cost of that.

This, I think, is being pushed out of some Christian teaching. Jesus is recorded as saying, "When you lend, lend without expecting any return." So, the concept of a lender is somebody who actually has

“SOMETIMES THE BEST THING FOR A GOVERNMENT TO DO IS ACTUALLY TO STOP PAYING”

a much better situation. One example is that Germany in 1953 had half of its debt cancelled. That both helped the German economy recover from the Second World War and also helped other countries across Europe in terms of the economic boost it provided for the continent.

The Imam we have interviewed for another piece in this issue says that in Islam, if somebody cannot repay a debt, you forgive it. Should Christians be calling for that sort of thing? Is that practical?

Yes! There are two key moral principles here. One is whether a debt should always be repaid. And if you're saying that a debt should always be repaid no matter what the consequences for the debtor, then you're saying that debt comes before even life itself. And that's morally untenable. If debt is being paid at the cost of people's lives, or their access to healthcare or education, then of course the debt should not be repaid.

The second principle concerns whether lenders should bear any responsibility when debts can't be paid. I think that lenders should bear that responsibility. If a lender

enough that they can share it with other people. One might reason that, if they *can* share it, and the people who they share it with prosper, then it's okay for the loans to be repaid. But if that doesn't happen, then the lender should bear responsibility and accept some of the cost themselves.

If the world forgave a country like Greece its debts, that would have a terrible impact on the economies of other countries, wouldn't it?

What would happen now to cancel Greece's debt is that some of the debts owed to the International Monetary Fund and the European Central Bank would be covered by the profits they've made out of their lending to Greece. The other debts are owed to other European governments and so that cost would fall on taxpayers in those countries. We don't think that should happen.

Instead, we should try and recover the money from the banks and hedge funds that lent originally. Of course, there is in some sense a price to be paid because people are expecting that money back. But actually even that's not true, because they knew when they lent the money that Greece would never ultimately be able to repay.

We have argued for many years to cancel debts in developing countries. We didn't get anywhere near the number we wanted, but \$130 billion of debt was cancelled and I don't think anybody noticed that anywhere. All it has had is a beneficial impact on the global economy rather than a detrimental one, and it did help millions of people in those countries.

Tim Jones was talking to Jonathan Langley.

“JUBILEE IS A TIME OF TRYING TO PUT RIGHT THE IMBALANCES, THE WRONGS THAT HAVE COME INTO SOCIETY”

Is the idea of a debt Jubilee a practical one that could or should be applied today?

The concept of cancelling *all* debts is neither a practical one nor one that people particularly argue for. It's not really even

lends knowing that somebody can't repay them, which is for example what most payday lenders do, or a loan is given but somebody loses their job (or in a country's case they're hit by an external crisis like an



PUBLIC DEBT, ECONOMICS AND THE BIBLE

*UNSURPRISINGLY, OUR POLITICIANS' APPROACH TO DEBT IS
NOT ALWAYS IN LINE WITH BIBLICAL PRINCIPLES.*

The Greek crisis and the overindebtedness of the UK Government have brought the issue of public debt to the fore. How is it seen by economists?

Background to the economic controversy about public debt is the conflict between what may be called the 'free-market liberal' economic approach and the 'social market'. The difference hinges largely on whether there should be *laissez faire* policies (small public sector focused on police, justice and defence) or whether there should be

benefit-based "safety nets" for those facing difficulties in life (large public sector, with social security, generous pensions and public healthcare).

While no country approaches the extremes of the liberal approach, the tension remains, for example between the current UK Conservative and Labour approaches to the economy. The view taken of *laissez faire* affects views not only of the size of government, but also the degree to which the economy is seen as self-righting in response to shocks

like the banking crisis of 2008. The free market approach tends to suggest that the economy will recover automatically and discretionary deficits and debts are not needed, while the social market approach tends to emphasise government spending rises to help the economy out of recession. After 2008, for example, a boost in borrowing took place partly via the operation of automatic stabilisers, which entail a decline in tax revenue and a rise in benefit payments when there is a downturn. But governments also

carried out discretionary fiscal boosts to further buoy the economy; and saving banks is costly too. There has also been quantitative easing by central banks, notably in the US and UK, which entails in effect governments printing money. This probably helped support economic activity, but it also poses a risk of future inflation.

Boom, bust and borrowing

A specific issue that arises for countries like Greece is the risk of incurring unsustainable debts to the international capital markets and rich country governments, as a counterpart to government deficits. Capital inflows to such countries have often been subject to 'sudden stops' when doubt arises among creditors about solvency, as in Latin America in 1982 and East Asia in 1997 – as well as more recently in Portugal, Spain, Ireland and Greece. The adverse consequences for economic activity of such 'sudden stops' are worsened if expenditure has been unproductive and tax evasion is rife, as in Greece.

Economists distinguish between cyclical and structural fiscal deficits, where the latter are persistent even when the economy attains its normal or 'trend' rate of growth. Structural deficits threaten continual rises in public debt. The US and UK governments, as well as many others, have been widely accused of running structural deficits in the boom period up to 2007. Both governments tended to overestimate the sustainability of tax revenues arising from financial activity, including housing, in the boom years. Structural deficits in the boom in turn may have made economic growth and the credit/house price bubble larger. Given the limited amount of saving in both the US and the UK, both governments ended up borrowing from foreigners, directly or via the banks.

Economists in most advanced countries concur that cuts in public spending and rises in taxation were needed to balance the government's books in the context of massive growth in debt and slow overall economic growth, so-called austerity, as is still underway. That said, there remain differences on how quickly to undertake fiscal consolidation, which links to beliefs about the relationship of deficits to economic growth. The UK is undertaking aggressive consolidation, and this is continuing with the latest budget. There is also an important issue of who bears the cost.

“ Future governments must warn about boom and bust, while also ensuring compassion for the poor ”

Tax, welfare and the Bible

Let's now look at a theological point of view. The New Testament contends that the state and government should in general be supported by citizens as instituted by God to be a source of stability (including economic stability), being "God's servant to do you good" (Romans 13: 1). Payment of taxes is also an obligation: "This is also why you pay taxes, for the authorities are God's servants, who give their full time to governing" (Romans 13: 6).

There are theological arguments to help the poor – including those affected by debt problems – that can be applied at the level of government, and are considered by many to support a 'social market' approach to fiscal policy. For example, the tithe can be seen in part as a form of taxation (Deuteronomy 14: 22-29), to be used for a religious celebration two years out of three, but in the third year it is to be set aside to provide for the Levites – who functioned as civil servants as well as priests – and for

'immigrants, orphans and widows'. Indeed, rulers are held responsible for injustice to the poor: "A ruler who oppresses the poor is like a driving rain that leaves no crops" (Proverbs 28: 3) The servant in Isaiah, inter alia identified as the nation of Israel, Christ himself, and his Church, is called to bring "justice to the nations" (Isaiah 42: 1). Such passages are widely considered to imply that a basic welfare system and progressive taxation are biblically based, providing a form of structural justice in society.

As regards borrowing, a state in a surplus position is blessed by God, notably if foreigners owe to them "the Lord your God will bless you as he has promised, and you will lend to many nations but will borrow from none" (Deuteronomy 15: 6). The implication is that the surplus nation has a whip hand over the debtor, as has been the case for Germany over Greece for example. As for households, the nation-state that is a borrower is the 'servant of the lender' and has reduced scope for flexibility. The role of the 'troika'



Hyperinflation in 1920s Germany



Poster in Syntagma Square, on 4 July 2015, in Athens, Greece. It calls for a NO vote in the referendum on 5 July 2015, in Greece.

in dictating to Greece is an example. China is the creditor of the US, and this could yet translate into greater political influence and shifts in the balance of power.

Paying attention to deficits

Concerning deficits, we contend that biblical prudence would suggest to balance the books over the cycle, while running deficits for stabilisation purposes during recessions. The profligacy of governments running structural deficits could be compared to those rulers criticised for their extravagance in the Bible, Jeremiah 22: 14-15 for example: “He says, ‘I will build myself a great palace with spacious upper rooms.’... does it make you a king to have more and more cedar?”

A downside of the ongoing growth in public debt is that future generations of taxpayers will be obliged to finance what can be seen as errors by the current Government, bankers, and borrowers, and hence our children will have to repay debts we incur. This situation reminds us of Jeremiah 31: 29: “The fathers have eaten sour grapes, and the children’s teeth are set on edge.” This is not seen as God’s desire. Rather, the Bible speaks of intergenerational fairness: “Instead, everyone will die for his own sin; whoever eats sour grapes – his own teeth will be set on edge” (Jeremiah 31: 30). This suggests that it is not God’s will that we should place burdens on future generations that we did not have to bear.

The coming generation, likely to be burdened with fiscal debts, has also suffered from the rise in land prices and recent welfare cuts. The ‘fathers’ benefited from university grants but today’s

“ Biblical prudence suggests balancing the books over the cycle, while running deficits for stabilisation purposes during recessions ”

‘children’ have to incur massive debts to gain a university education. The coming generation will also have to finance future pensions against an adverse demographic background, with the large ‘baby boom’ cohort now approaching retirement.

False profits

Looking for ways forward, I contend that governments misled their populations by the earlier fiscal policies of structural deficit in the boom years. Boosting growth made people more willing to go into debt, by leading them to believe their income growth – and house price appreciation – would continue to be high. Again, UK experience of 1974 and 1991 showed that credit-driven booms like the one clearly underway up to 2007 are only temporary, and the subsequent downturns highly destructive. Accordingly, governments had a responsibility to warn the population, as well as adjusting policy to deflate the boom. Doing otherwise might be seen to have been like the false prophets of Jeremiah, who proclaimed “peace, peace, when there is no peace” (Jeremiah 8: 10-11). In fact, a former UK Chancellor unrealistically proclaimed “an end to boom

and bust”.

Governments seem to have sought to create the illusion that the economy can be run on a ‘no-risk’ basis, which helped generate the profligate behaviour of bankers and households that was a feature of the boom. In effect, such a belief led people to feel insulated from the consequences of poor decisions and bad investments. Future governments must hence be more ready to warn about this cycle, as well as avoiding fiscal laxity, while also ensuring compassion for the poor – the recent reduction in tax credits being one example of such an undesirable policy.

In this context, the public cannot treat the government as autonomous and omnipotent; this is akin to a form of idolatry. Rather, we all have the responsibility to understand and ask questions on these issues, take a view and press for it in public and via MPs. We must stand up for truth, calling our leaders to account when we discover we are being misled, or when fiscal policy is hitting the poor unduly.

You can read more from Philip Davis in his book The Crisis and the Kingdom (see Further reading/viewing, page 16).

TRICKLE-DOWN GRACE

DEBT IN THE LORD'S PRAYER

THE BUSINESS OF DEBT CANCELLATION IN THE WORLD'S BEST-KNOWN PRAYER.

Cancelling debts is unfinished business. In Scripture, at least. It was proposed way back when Israel was being formed by a prophetic imagination. Proposed, prescribed, but not much practised. Nehemiah invokes this old untended vision when rebuilding the city, Isaiah evokes this restless dream when consoling exiles and Jesus provokes us by putting the cancellation of debts into our prayer and practice.

We are to pray: "Father... forgive us our debts, as we forgive those who are indebted to us." So this old, idealistic, but still very earthy vision of life is knitted into a fundamental element of Christian spirituality: forgiveness. Right at the point where we find, in God's grace, that life can't be reduced to cause and effect, that we aren't endlessly living out the consequences of our worst or weakest moments and that failure doesn't have the last word. Here Jesus asks us to recall that a fresh start can be offered as well as received. Debt, and the complex path that leads there, can be cancelled. In our prayers we are to call for the reign of our Father on earth and we are urged to be part of it, through the practice of cancelling debts.

Cancelling debts is bad business. Who would look to Jesus for financial advice? A

rich young man made that mistake once and few since have followed suit. Jesus points to the employer who pays a day's wage for an hour's work as a picture of God. He thinks that fields of flowers are a model for financial security. He talks of sharing and provision; he seems to think that the economy serves the community, while we are told, in numerous and insidious ways, that it is the other way round – we can only live as the market dictates. On debt, though, Jesus is not

impractical. Perhaps noting that Jubilee didn't catch on, he doesn't put it in the programme, rather he puts it in our prayers. What we say to God, what we say together, what we say often, can trickle down into who we are and pay dividends in our imagination and aspiration of who we could be. Who we will be. Jesus ties God's forgiveness of debts to our own practice of debt cancellation, though not in a mechanistic way; 'if you don't, God won't.' Rather, as an example – the only example

in the Lord's Prayer – of how grace seeps into us. Just as Isaiah's imagination was snagged and shaped by the lost year of Jubilee, so our minds are renewed by the experience of God's grace, prophetically proposed as the forgiveness of debt.

Cancelling debt is our business. It is not to be handed over to economists and bankers, who know what is best and what will work. What is passed on by Jesus as the outworking of God's abundance can't be simply gainsaid by those who reason from thrift and scarcity – not to mention greed. Jesus commits the cancellation of debts to our prayers and roots it in the dynamic of grace; so, of course, we are tempted to spiritualise it. We pray about private sin, far more than public

“ LIFE CAN'T BE REDUCED
TO CAUSE AND EFFECT ”

debt. But Jesus says pray and practise the forgiveness of debts. He evokes an old and life-renewing proposal, which is not at all private and inward but involves slaves and coats, land and loans, foreigners and neighbours. We may not know what to do with it, we certainly struggle to imagine a credible alternative to debt-driven economics. Jesus prescribes a starting place for addressing these old and complex problems. "Father...forgive us our debts, as we forgive those who are indebted to us."



WHAT ISLAM CAN TEACH CHRISTIANS ABOUT DEBT

SHARED RISK, 'LOANS OF SYMPATHY' AND THE IMMORALITY OF INTEREST ALL INFORM MUSLIM UNDERSTANDINGS OF DEBT.

There's a big difference between Islam and Christianity, as religions. In Islam we have a lot of laws and a strong relationship between the state and religion. Islamic states have laws inspired by the laws in the Holy Qur'an, which contains many rules regarding economic aspects of life.

In Islam, financial matters are not, as they might be for Christians, a personal choice or a personal approach. There are many clear verses in the Holy Qur'an governing this subject and preventing people from lending money to those in need and then putting a burden on these people by asking them for more than they loaned.

In Arabian society more than 1,400 years ago, when Islam started, the practice was that if someone was in need he would go to some rich person, ask him for some money and then he would repay the money with extra interest. Commonly, the wives or daughters of those who were broke and could not pay back were taken instead of

money. It was very rough and it was very humiliating.

Islam introduced the idea of trade rather than debt, of encouraging people to lend money as a kind of help (we call it the 'good loan' or 'loan of sympathy'), not always just seizing the opportunity to take advantage of the need of others. Lending, under Islam, should be a way of helping others, by lending and getting just that money back, with no interest, with no extra. In this way, Islamic law was able to help.

In the Holy Qur'an we have a very famous verse talking about when God forbade lending money to take it back with interest. God encouraged us to be in a kind of trade relationship with those who are in need. Not lending money, but sharing it, forming a kind of company. I may put in the capital, this is my share. The other person may put in knowledge and his efforts, and this is his share. And together we share the risk and the rewards.

And this concept was improved to

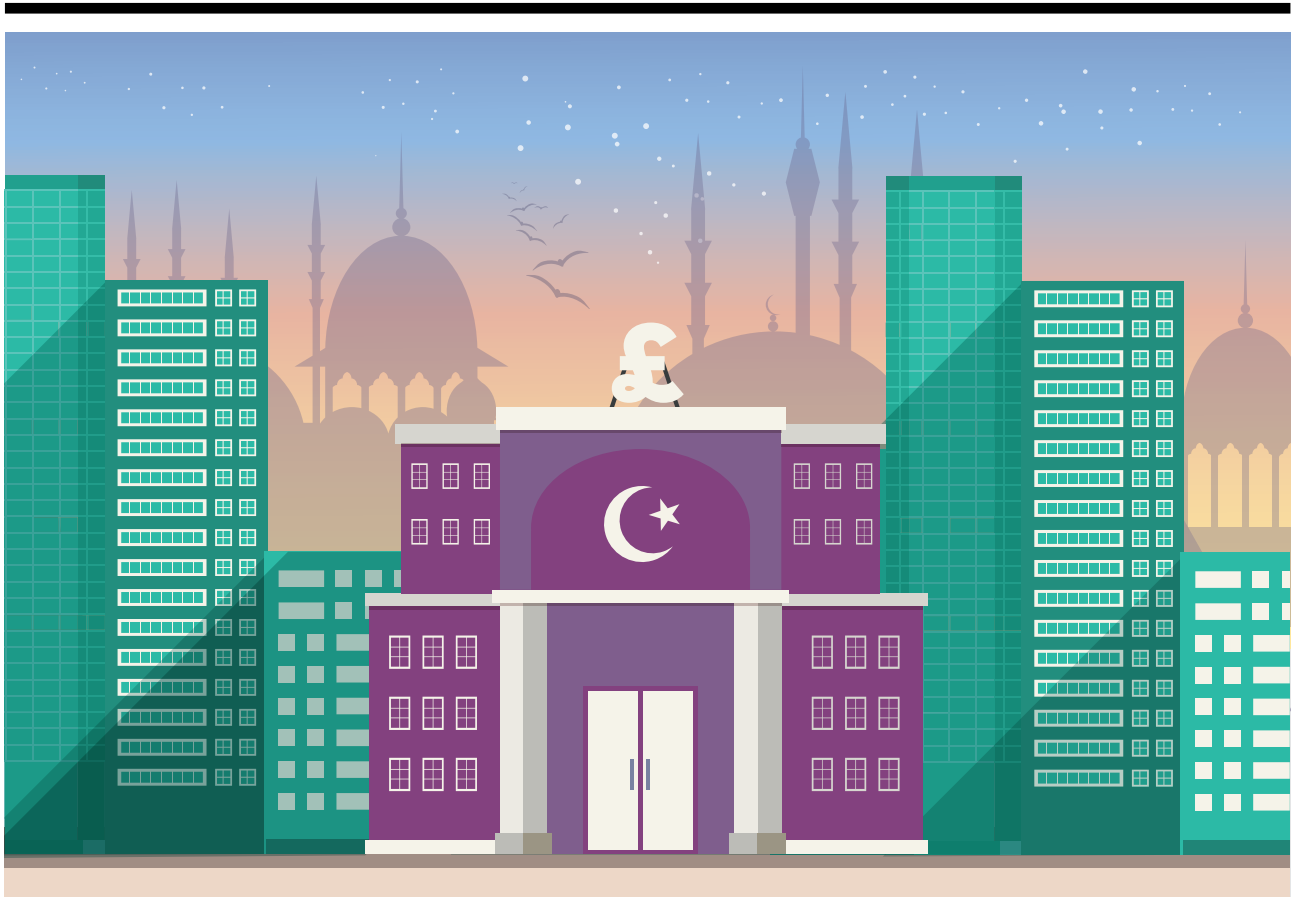
start what we call Islamic banks today. In Islamic banks, the bank does not give you a loan. The Islamic bank makes a kind of contract with you, to form a kind of company. A bank as we know it might give you a loan and if you are able to work and make a profit, it's okay – but at the end of the day you must pay the bank back, and you must also pay the interest. But if the work you were financing does not go well, or if you go broke, the bank will insist on getting its money back and also insist on your paying the interest. Even if you are broke, the bank will take your property, use your house, use your car, whatever you own.

An Islamic bank is not like this. If you are successful, then you'll be sharing the profits with the bank. If you are not successful, then, as two partners in the same company, you and the Islamic bank should share the loss together. This is the main difference.

In the case of the traditional bank, the bank does not care. They are not interested in morality. They are more interested in their own benefit, their own interests and their own policies.

Zakat

Under Islamic law, if someone is not able to pay a loan back, then, as an act of charity, the one who is owed the money should forgive the debt. If he is not able



to forgive it, because he himself needs it, perhaps to pay another, then, as an act of charity, the community should pay back the loan.

In Islam we have what is called *zakat*. Zakat is usually translated as charity, but this is to misunderstand it. Zakat is not charity, it is the 2.5 per cent of my money that should go to charity work, and it is not a matter of choice. Zakat is obligatory. And according to the Qur'an we have eight cases to whom zakat should be given. One of these eight cases is someone who is not able to pay back a loan.

Historically, in Islamic states, the state had the authority to collect zakat as something people were obliged to pay to support those who were in need. But zakat is not tax. Taxes are what you pay for the services given to you by government and they are separate from zakat, just as in the Baptist churches you should pay ten per cent. The state would collect taxes on a civil basis and zakat on an ethical, religious basis.

Today, this is often done through NGOs (and we have a lot of NGOs who are doing this kind of work), or it is done by individuals. Personally, I don't deal with NGOs. In my own family I know those who are in need. Then from my own money, each year I take 2.5 per cent and I give it

“ LENDING, UNDER ISLAM, SHOULD BE A WAY OF HELPING OTHERS ”

to some of my relatives who are in need. And my neighbours and my other relatives are doing the same.

Debt and the world

Internationally, and in daily life, debt is used to control the poor. Sometimes to control poor countries. You can imagine that some poor country in Africa is offered money by the UK or some rich country, offered development projects. At the end of the day, the poor government will find itself under the control of the rich government. Poor countries find themselves supporting the policies of rich countries or the aid will stop. The money will have to be paid back.

The international system of banks follows the protocols of traditional

banking. They are not based on faith or on morals. The philosophy of the World Bank and the network of banks around the world is to offer loans and demand interest for political reasons, for economic reasons. And the Islamic system is quite different because it's based on moral bases. Offering loans is a moral act and forgiving debts is moral too.

Internationally, traditional banking is a way of controlling poor countries. But, if the obligatory zakat were done in the right way, and every Muslim paid 2.5 per cent of his income and every government paid 20 per cent from its budget, I believe this wealth would help not only countries like Greece, it would help the whole universe.

Sheikh Mohammad was talking to Jonathan Langley

EXTRACT

THE GREAT FINANCIAL CRISIS

A BIBLICAL DIAGNOSIS

A DEBT-FREE SOCIETY IS GOD'S IDEAL, MORE STABLE AND MORE MORAL THAN A DEBT-BASED ECONOMY.

Since abandoning its traditional stance on debt and interest, the Church has had no prophetic voice when confronting the debt-induced financial crisis working its way through the US and Europe today – a crisis that demonstrates once again the extreme danger that debt-based finance poses. The very self-government of supposedly free nations, such as Greece and Ireland, is being suborned.

Our financial system preaches 'free market' principles of loss for failure to others, but avoids having them being applied to itself. Despite their industry's very existence depending on taxpayer bailouts and assistance, managers continue to remunerate themselves extremely well, seemingly oblivious to their wider social and moral obligations.

There is a better way, but to follow it requires the courage to question the very foundations upon which finance has been built for the past four centuries. Rather than radical innovation, it means going back to how the Church understood finance for the first three-quarters of its history:

Christian principles for debt and finance

1. Lending freely to the needy is an act of love and neighbourly kindness

The interest-free loan seems to have been central to the Old Testament welfare system. It was the duty of close relatives to lend to their kin in need, and redeem them from debt. Hence, being in debt per se was not wrong or sinful. It may have arisen from misfortune or ill-judgement. However, it was an opportunity of blessing for those who could help out, interest-free. Jesus made this duty even more radical for his disciples by exhorting them to lend, even to enemies, "without expectation of return", meaning either not insisting on the return of the loan principal or a reciprocal favour (Luke 6: 34-35).

2. Repayment of debt is a serious obligation

Security could legitimately be taken by the lender to enforce repayment and subsequent failure to pay could result in servitude to make good the debt. For borrowing entails a solemn promise to repay. Default is the equivalent of breaking one's oath or 'bond'. Hence, it is "the wicked who borrow and do not repay" (Psalm 37: 21) and Paul enjoins the Romans to "leave no debt outstanding..." (Romans 13: 8).

3. Being in debt is tantamount to servitude itself because of the solemn

promise to repay.

"The borrower is slave to the lender." (Proverbs 22: 7). This identity is highlighted in the English usage – by giving our 'bond' we have entered 'bondage'. It is the lender who dictates terms as the borrower sacrifices his or her financial liberty. Yet our financial system pretends that spending on credit expresses our personal freedom. As with all worldly dissimulations, the reality is the opposite of the advertisement. Our society lauds individual liberty while simultaneously enslaving through debt.

4. God's ideal is for those made in his image to be free and clear of obligation so as to exercise independent stewardship over creation.

The Old Testament law instituted the periodic cancellation of debts and release of debt slaves every seven years. With the Jubilee (Leviticus 25), the Old Testament instituted a true 'ownership-society', where all had access to property and the means of production, debt-free, at least once during their adult lives (Micah 4: 4).

The role of interest

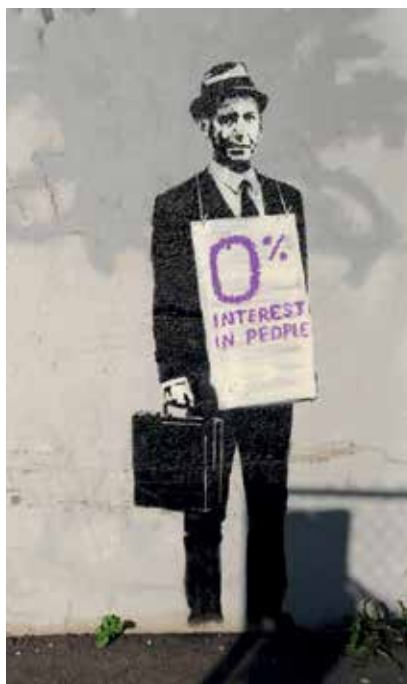
Given the perspective of debt as 'slavery', it is no surprise that the Bible is clear that interest cannot legitimately be charged on a loan to a countryman, for such is to take advantage of the 'bondage' of another and an inherently unloving act. We know this instinctively from our own experience. If we lend to a neighbour or family member and seek to charge interest, we know we are demonstrating a tight fist,

not a soft heart. In the Old Testament law, interest was prohibited within the Israelite community especially in the context of lending to the poor (Exodus 22: 25; Leviticus 25: 36-37) but also between all fellow citizens (Deuteronomy 23: 19). This prohibition is then upheld by David (Psalm 15: 5), Ezekiel (18: 8, 13, 17; 22: 12) and Nehemiah (5: 1-13). Charging interest is folly for it attracts God's retribution (Proverbs 28: 8). And the briefest reflection shows that, in practice, the mere passage of time builds nothing and benefits no-one in a fallen world. Physical goods almost invariably deteriorate and decline in value with time's passing. To charge just for the mere transfer of money over time is 'reaping where one has not sown'.

More pointedly in the context of the current crisis, interest-based finance embodies assumptions about the future. Borrowers hope they will have the wherewithal to repay while lenders believe that their security and the pooling of risk mean that the interest charged will cover any defaults. Essentially, debt finance is based on making working assumptions about the future and making promises based on those projections. This works well in calm times, but its inherent fragility becomes apparent when shocks occur, as they invariably do, and the debt system then works to amplify the crisis and its costs. Instead, under God, we should take a humble attitude towards the future, for only he knows it with certainty (Proverbs 27: 1).

But it is in our relationships to our neighbour that the problems with debt-based finance become most pointed. The strong obligation entailed in a debt means that, from the Bible's perspective, the borrower is effectively enslaved. To profit from the slavery of others is one of the worst of crimes, and yet that is effectively what happens with every interest-bearing loan once the layers of intermediation and obfuscation are stripped away. We may comfort ourselves by thinking that using a bank absolves us of such turpitude. Yet, from a relational perspective, this is even worse, for we then have no idea who the bank is enslaving on our behalf, how they are being treated, which families' houses are being repossessed, and which businesses are being made bankrupt in our name.

With regard to the wider economy, debt finance is simple, cheap, and seemingly 'efficient' because it reduces the information that needs to flow between



Street art by Banksy

“ Our financial system pretends that spending on credit expresses our personal freedom ”

supplier and user of finance. The problem is that, as we have learned again to our cost since 2007, the debt-based system and its banks only survive by holding the economy hostage and so pass the costs of their failures onto ill-informed or powerless third parties. These may be unpaid creditors in bankruptcy; taxpayers (through subsidising company indebtedness, bailing out and subsidising banks deemed 'too-big-to-fail', or lending to other countries threatening default); etc – all to stop the house of debt from collapsing. As such, the debt system institutionalises injustice and exploitation.

Practical measures

The case for taking the Bible seriously on interest and debt rests not only in a belief that it embodies God's will for his people, but also on its practical wisdom. The overarching goal embodied in the biblical-based financial system is to move to a

society with minimal long-term debt and investment channelled through interest-free, rental, or equity-type contracts. This radical alternative would touch almost every area of financial policy:

Companies

Reform the corporate tax system to remove the tax subsidy given to debt finance. This would stop rewarding banks and companies for risk-taking through debt-based speculation; it would dampen the business cycle in debt-financed sectors (principally commercial property) and it would put a brake on the artificial growth in company size (through debt-assisted takeovers).

Banks

Make banks safe so they can be allowed to fail. As envisaged in regulatory reforms now under way, banks need to be so well capitalised and safely structured that any losses fall on shareholders (and 'bailed-in' creditors) not taxpayers. Any for-profit institution that is 'too-big-to-fail' is 'too-big-to-exist' and its very survival eats away at the moral basis of a market-based economy.

Government

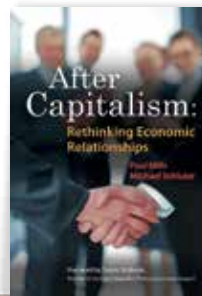
Prevent the growing indebtedness of future generations through fiscal reforms. These could take the form of constitutional or legislative commitments to a falling government debt-to-GDP ratio. We should also reform development finance (and other international capital flows) to move to an equity or rent-share basis rather than debt.

The transition to a debt-free financial system would be fraught with costs and difficulties, and may not ultimately be achievable. Indeed, there are practical steps along the way (such as credit unions and microfinance) that can ameliorate many of the evils of debt while still charging interest. But if society doesn't have the ideal of freedom from debt as the compass bearing to guide our path, it will remain trapped in the quagmire of pragmatism, vainly believing that a system that repeatedly demonstrates its inherent contradictions and self-destructive tendencies can be reformed.

This article is a very short edit of Paul Mills' Cambridge Paper, The Great Financial Crisis: a biblical diagnosis and is published with permission of the Jubilee Centre. We encourage you to find the full paper at <http://bit.ly/1nZgbv>

DEBT

With international debt constantly in the news (and more worrying when it isn't), and with unemployment and austerity driving more people than ever into the arms of payday lenders, it's important to be informed about debt. This selection should help.



BOOKS

THE CRISIS AND THE KINGDOM: Economics, Scripture and the Global Financial Crisis

E Philip Davis

An economic and biblical analysis of the behaviour of bankers, households and governments in the recent crisis, from a senior economist and contributor to this issue of *Catalyst*.

ephilipdavis.com

AFTER CAPITALISM: Rethinking Economic Relationships

Paul Mills and Michael Schluter

This collection of previously-published Cambridge Papers by a very senior world economist argues for a biblical, relationship-based approach to economics.

<http://bit.ly/1T7FcPQ>

JUBILEE ECONOMICS: Biblical Teaching and Financial Crisis

Jubilee Debt Campaign

A series of six Bible studies from the people who made us all care about dropping the debt, which can be ordered free in hard copy or downloaded.

<http://bit.ly/1gN2NJR>

DEBT: The First 5,000 Years

David Graeber

An anthropologist goes into the history of debt, from jubilees in ancient times through to modern society. Recommended by the Jubilee Debt Campaign's Tim Jones.

WEB

THE GREAT FINANCIAL CRISIS: A Biblical Diagnosis

Paul Mills

The full version of the piece by Paul Mills in this issue of *Catalyst*. A fearless economic and biblical analysis of our current financial and debt crisis.

<http://bit.ly/1M8kDSR>

THE NEW DEBT TRAP

Jubilee Debt Campaign

This recent report by the Jubilee Debt Campaign examines how the

response to the last financial crisis has laid the ground for the next.

<http://bit.ly/1K5vrvwD>

EBOLA AND DEBT RELIEF

Jubilee Debt Campaign

The relationship between debt cancellation and a country in crisis, summarised in one news story.

<http://bit.ly/1KT90hj>

THE JUBILEE WELFARE FUND

How a community of Christians took the initiative and cancelled debts.

<http://bit.ly/1MPYIS9>

CHRISTIANITY TODAY DEBT ARTICLES

News and views from across the pond, updating regularly.

<http://bit.ly/1IuPapA>

LISTENING

THE MORALITY OF DEBT

BBC Radio 4

The Moral Maze examines debt in a discussion that is equally fascinating, inspiring and exasperating.

<http://bbc.in/1HtGjTd>

PROMISES, PROMISES: A History of Debt

BBC Radio 4, David Graeber

The Anthropologist behind *Debt: the First 5,000 Years* explores the history of debt in ten episodes.

<http://bbc.in/1M8IFOR>

HAS AFRICA OUTGROWN DEVELOPMENT AID?

BBC World Service

How could debt not be part of this discussion?

<http://bbc.in/1MQ1yqg>

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