

BANKRUPTCY AND THE BIBLE

Forgive Us Our Debts As We Forgive Our Debtors

Many of our clients are people of faith that struggle with whether it is morally acceptable to receive relief from their debts. In an effort to help those clients my views of this issue are summarized in this article.

The secular basis for bankruptcy relief arises out of the Constitutional requirement that Congress enact uniform laws allowing businesses and consumers to cancel and to restructure debt obligations. The Bible makes it clear that people are generally expected to pay their debts. Leviticus 25:39. No one will - or should - advance any argument against this general proposition. However, this moral and legal obligation to pay just debts must be balanced by the need for compassion and the call to cancel debts at periodic intervals. The Biblical basis for such considerations is based on the sabbatical and Jubilee years. This Biblical support for the legal right to cancel debt is enforced by the even stronger Biblical doctrine that prohibited interest of any amount rather than just “usury” or “excessive interest.”

Within the areas of economic justice and stability, the Old Testament is replete with examples of compassionate treatment of the poor and with preservation of the family unit. These goals were superior to the material concerns of repayment of debt. For instance, Deuteronomy 15:7-10 is particularly forceful. It provides as follows: “If there is a poor man among your brothers...do not be hardhearted or tightfisted toward your poor brother. Rather be open handed and freely lend him whatever he needs. Be careful not to harbor this wicked thought: ‘The seventh year, the year for canceling debts, is near,’ so that you show ill toward your needy brother and give him nothing. He may then appeal to the LORD against you and you will be found guilty of sin. Give generously to him and do so without a grudging heart; then because of this the LORD your God will bless you in all your work and in everything you put your hands to.”

The cancellation of debt in the Old Testament was accomplished at legislated intervals. Deuteronomy 15:1-2 clearly provides for such legislative release with the following language: “At the end of every seven years you shall grant a release. And this is the manner of the release: every creditor shall release what he has lent to his neighbor, his brother, because the Lord’s release has been proclaimed.” Under this Biblical model, the debtors’ payment or non-payment of debts was not in question. The debtors may or may not have been culpable for their debts. It was a strict model with no “means test” or detailed analysis of every debt. [*This passage is similar to many other Old Testament commandments including Deuteronomy 5:17’s “Thou shall not kill” which provides no specifics nor creates no hierarchy of culpability.*]

And, while Old Testament lenders were admonished to be merciful, debts were canceled every seven years whether they liked it or not. The Old Testament model can therefore be legitimately applied to modern day bankruptcy laws. The principle is that, while taken seriously, debt can be canceled to achieve some higher purpose – such as the preservation of the family unit. It also should be noted that Deuteronomy 15:12-13 provides that slaves should be freed every seven years creating an interesting analogy between the creditor-debtor and the master-servant relationship. As Proverbs 22:7 directs, “The borrower is servant to the lender”.

The Biblical use of the term “usury” corresponds to our modern word “interest” rather than to the notion of “excessive interest” to which we generally apply the term usury today. Only a small number of us would seriously question the morality of profiting from a loan at normal interest rates. However, the Talmud quotes an ancient rabbi as saying: “It is better to sell your daughter into slavery than to borrow money on interest.” The Lord only knows what this same rabbi would say today if confronted with credit cards bearing interest rates of 34.99% and higher and with some “pay day” lenders demanding annual rates in excess of 2,000%.

The Biblical doctrine of usury rests primarily on three texts: Exodus 22:25; Leviticus 25:35; and Deuteronomy 23:19-20. Exodus and Leviticus prohibit loans of money or food with interest to a needy brother or sister or even resident alien. Deuteronomy forbids taking interest from any person. Other Books of the Bible underline the importance of this prohibition on interest. For example, Psalm 15:5 characterizes a righteous man as one who, among other things, “lends his money without usury.” Both Ezekiel 22:12 and Nehemiah 5:0-11 condemn lending money with interest, especially to the poor. And Ezekiel 18:13 list the taking of interest among sins worthy of death.

The prohibition on interest is based on God’s covenant with Israel. The rule is founded upon the compassionate treatment of various oppressed groups: the resident alien; the widow; the orphans; and the poor. Exodus 22:25-27 states the law in explicit terms: “If you lend to one of my people among you who is needy, do not be like the money lender; charge him no interest. If you take your neighbor’s cloak as a pledge, return it to him by sunset, because his cloak is the only covering he has for his body. What else will he sleep on? When he cries out to me, I will hear, for I am compassionate.” Leviticus 25:35-37 provides that “If one of your countrymen becomes poor and is unable to support himself among you, help him as you would an alien or a temporary resident, so that he can continue to live among you. Do not take interest of any kind from him, but fear your God, so that your countryman may continue to live among you. You must not lend him money at interest or sell him food at profit.” Finally, Deuteronomy 23: 19-20 provides: “Do not charge your brother interest, whether on money or food or anything else that may earn interest.”

Jesus clearly had these Biblical principles in mind when he admonished the “money changers” and removed them from God’s house, the sacred Temple. In John

2:14 Jesus “poured out the changers of money and overthrew the tables”. Jesus, in fact, was always true to the principles underlying usury and debt forgiveness and the notion of the importance of placing love and compassion above greed and wealth. In Luke 6:34-35 Jesus said: “And if you lend to those from whom you hope to receive, what credit is that to you? Even sinners lend to sinners, to receive as much again. But love your enemies and, do good, and lend, expecting nothing in return, and your reward will be great, and you will be sons of the Most High; for he is kind to the ungrateful and the selfish.” The followers of Jesus were to be concerned with the welfare of others, even when met with hatred and abuse.

The consistent teaching of both the Old and New Testaments is that compassion, mercy and justice are to override purely economic concerns, such as loans. Religious people are to be gracious to all, even debtors. Jesus said that God causes the rain to fall on the just and the unjust and in Mark 10:25 he said that “it is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God”. And in Luke 16:9 he said: “I tell you, use worldly wealth to gain friends for yourselves, so that when it is gone, you will be welcomed into eternal dwellings” and to “forgive and ye shall be forgiven” Luke 6:37.

The compassion of the scriptures, including the setting aside of legitimate rights of lenders, was typical of economic relationships in the economy of early Judeo-Christian societies. The central theme is one of stability- a stable society with a guarantee of economic security to each family. Wealth was viewed as a blessing from God (Deuteronomy 8:11-18, 28). This blessing resulted from obedience and was based on God’s compassion. The tithing for the poor, the gleaning laws, the year of the Jubilee, were all tangible ways that Israelites could show compassion for each other and honor God by following His law. Beyond income-maintenance programs, the Biblical Law provided a permanent mechanism – such as the Sabbatical year and Jubilee - to ensure that temporary misfortune barred no family from full participation in economic life.

Based on an article by O. Max Gardner, III, Esquire