



What Does the Bible Say About Debt?



Darrell Castle



As a Christian bankruptcy attorney, I have clients ask me all the time about what the Bible says.

Sometimes they're worried they may be doing something wrong. They know God tells us to be responsible, and they wonder if the Bible says bankruptcy is a sin.

Sometimes they just feel ashamed, and wonder what God wants them to do about the bills they can't pay back. Perhaps you feel the same way.

Like my clients, I want to know what the Bible says before I do anything important. That's why over the last 30 years, I've spent a lot of time exploring the passages that talk about debt.

I believe a Biblical understanding of debt can lead to better decisions in our financial lives. And I believe that what God says about debt reflects his love for us.

I hope my attempt to deal with this subject will help you better understand what the Bible says about any debt you may have. If you'd like to continue the conversation, or if you have questions, I hope you'll feel free to contact me.

A handwritten signature in black ink that reads "Darrell L. Castle".

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Good News for the Poor

We have to discuss debt in the context of poverty. In the Bible, the two were one and the same. Only people who were truly destitute would take out debt.

Today, debt is much more common. It's a part of everyday life. But the idea is still the same: people who can't pay back their debts still feel desperate.

The book of Luke tells of a time when Jesus, while teaching in the synagogue, is handed a scroll from Isaiah. He stands up and reads what's become one of the most well-known passages in the Old Testament on poverty:

“The Spirit of the Lord is on me,
because he has anointed me
to proclaim good news to the poor.
He has sent me to proclaim freedom for the prisoners
and recovery of sight for the blind,
to set the oppressed free,
to proclaim the year of the Lord’s favor.”

[Luke 4:18-19, NIV]

In Matthew, when John the Baptist asks Jesus if he’s the Messiah, Jesus uses language from the same Isaiah passage in his answer:

“The blind receive sight, the lame walk, those who have leprosy are cleansed, the deaf hear, the dead are raised,
and the good news is proclaimed to the poor.”

[Matthew 11:5, NIV]



Indeed, God makes it clear in both the Old Testament and the New Testament that he has good news for anyone in poverty. What is that good news? Well, it's written right there in that passage:

Freedom, recovery, and favor.

Debt is an imprisoning thing. It holds us back and oppresses us. It keeps us from living the full lives God created us to have. And the poor suffer underneath it a lot more than the rich.

The Bible constantly emphasizes kindness to widows and orphans and justice for people who are impoverished or in dire need.

God's mercy isn't any less available for people with debt - in fact, his good news is for them especially!

For one example, look no further than the concept of "jubilee."

A Year of Jubilee

Deuteronomy 15 outlines God's law for debt forgiveness. Every 7 years, all creditors are commanded to cancel any debts. It is called "The Year for Canceling Debts" and represents the Lord's favor to debtors and the poor.

This is the foundation of the tradition of only filing a Chapter 7 bankruptcy every 7 years (although the 2005 laws changed it to 8 years). It's also the source of the term "sabbatical," where professors will get time off to rest and travel every 7 years.

In giving Israel the Year for Canceling Debts, God specifically tells the creditors not to be greedy, especially when the 7-year period is almost up and debts have to be forgiven. Deuteronomy 15:8-9 says:



Be openhanded and freely lend them whatever they need. Be careful not to harbor this wicked thought: "The seventh year, the year for canceling debts, is near," so that you do not show ill will toward the needy among your fellow Israelites and give them nothing.

So God told creditors specifically not to impoverish people near that day - to still lend freely AND forgive the debts.

In addition, Leviticus 25 commands something called the Year of Jubilee. Under this law, the Israelites had to release their debts every 50 years.

The Year of Jubilee is also called the Year of the Lord's Favor, when every debt is forgiven and every slave or captive set free.

These laws have a leveling effect. They prevent one class or group from having permanent control over another.

It seems clear to me from these passages that God doesn't want people to be stuck in debt forever and never able to escape.

But what about...?

There are a few verses people will bring up with me sometimes to contradict what I've said above. First, they quote Psalm 37:21, which says, "The wicked borrow and do not repay, but the righteous give generously."

[NIV]

In context, this passage relates to people who do evil deeds on purpose. In other words, they take out large debts with no intention of paying them back, which would be considered stealing.



Another common objection I hear draws from the gospels' story about Pharisees asking Jesus whether to pay taxes. He replies, "...Give back to Caesar what is Caesar's, and to God what is God's." [Matthew 22:21 NIV]

This is a very complicated passage, with a lot of interpretations. Over the years many people have studied it, because it deals with patriotism, taxation, and our role with the government. Notice that none of those issues include debt, because the verse is rarely interpreted as a comment about loans.

Sometimes my clients will feel terribly because they can't pay back their credit card bills. That's understandable, I tell them. But they didn't take out anywhere near the amount they owe. Sometimes the bill is double what they took out on credit, because the credit card companies charge extra fees and interest.

You want to talk about morality? How about all the passages in the Bible that say not to oppress the poor, to lend freely without high interest, to forgive debts and show mercy?

When it comes to morality, some of these credit card companies are already breaking the laws by taking advantage of debtors. They charge enormous interest rates, then add interest onto the interest. They hide extra fees and receive subsidies and bailouts from the government that are paid for by the very taxpayers they're oppressing.

You should certainly pay back your debt if you can, but remember they have ways of making your debt much higher than you ever expected it to be.

Assumption of Guilt

You might hear very religious people judge debtors and make you feel like filing bankruptcy is a sin. There are times when that's true. There are times when someone takes out a huge debt without ever intending to pay it back. That's called "fraud," and it's illegal. Bankruptcy lawyers don't present fraudulent cases in court, because they'd lose their licenses.



In 33 years of bankruptcy practice, I've seen very, very few people try to trick the system. Sure I've seen it. I've seen it all, but it's extremely rare.

The vast majority just doesn't realize how dangerous consumerism can be. Everyone wants to own more than they make, and the advertisers tell them that's a good thing. Our stuff becomes a terrible burden, and it happens mostly by surprise.

To the people who want to judge debtors in today's economy, I say this:

76% of Americans live hand to mouth, paycheck-to-paycheck, on the edge of not making it. That's 3 out of every 4 Americans! They have no savings, so if the slightest problem arises, they have to charge gas or food. It's not optional. (http://money.cnn.com/2013/06/24/pf/emergency-savings/index.html?iid=HP_LN)

At same time, people simply aren't making enough to live in the current culture. Inflation and other costs eat away at every paycheck.

Until you've experienced that kind of instability, who are you to judge? Who are any of us to judge?

The Bible's Answers to Common Questions About Debt

Wasn't it wrong to take out more debt than I could pay?

It's not wrong if you had the intention of paying it back. Say you get into debt because you lose your job, get sick, or have family issues. These weren't your fault, and the resulting debt isn't wrong either.

Many people are tricked by fine print on credit cards and don't know that a \$10,000 bill could take 27 years to pay off at the average rate of interest. For far too many people, interest and penalties accumulate so quickly they find all of a sudden they can't pay it back.



The Bible gives many examples of people who took out debts. In most of these cases, they did nothing wrong. In fact, as shown above, the Bible is very clear that debtors should be treated with kindness and mercy.

Still, it's not necessarily a good thing to owe money. There are many proverbs about being cautious and using money wisely. In some cases, using our money unwisely might be considered sin.

But just because you did something you shouldn't have done, that doesn't mean you should spend the rest of your life oppressed by it. There comes a time for mercy and renewal. That's what the Bible says, and that's what our laws say, too.

Are credit cards wrong?

No. While credit cards are dangerous, they're not wrong in and of themselves.

There are plenty of examples in the Bible of borrowing and lending, so credit goes back to ancient times. Credit is a normal part of commerce and vital to society. Our culture is based on credit and debt. There's nothing wrong with it when used correctly.

Consumers have to be very careful with credit and use self-control. Creditors should never be overbearing or tricky. Neither side does this very well these days.

I personally like to use debit because it gives me more discipline. But if you do choose to use credit, you should only charge expenses you can pay off within a month. You are borrowing off the future, and you don't want to be stuck in the future because of it.

Doesn't bankruptcy hurt the creditors, and isn't that wrong?



It hurts creditors in the short term, but you have to remember that bankruptcy is built into the cost of things. Products and interest rates are already set with bankruptcy in mind.

Loss happens, and so companies have learned to be prepared. They charge everyone to cover themselves in case borrowers can't pay. So the risk is spread out.

Quite often the debt on the credit card is many, many times higher than anything the person originally charged. The rates push people to the point of no recovery. In that sense, many creditors make it impossible for consumers to get out of debt, and it's those policies that actually lead to bankruptcy in the first place.

What about getting into debt over and over?

Credit can be an addiction, almost like a drug. It's very hard to resist. The media portrays a certain lifestyle that encourages consumerism, and constantly buying things can give you a certain high.

But if someone is an alcoholic, we don't require him to spend his life in bondage with it. Likewise, debt shouldn't ruin anyone. The Bible says so: We should be helping everyone get out of debt and be free - not require they suffer with it for the rest of their lives.

There are many programs out there for debtors who have an addiction, including books, websites, and even support groups. I'm happy to help you as much as I can if you think addiction to spending and debt is a problem for you.



What the Bible Says About YOUR Debt

The Bible isn't just written for someone else. It's written for you and me. What the Bible says about debt is just as true for you as it was for ancient Israel. God's good news is for the poor, the indebted, and the needy. God doesn't look down on debtors - he loves them and commands the rest of us to love them, too.

So if you're struggling with debt, it's important for you to remember that God's good news is for you. He offers you freedom, recovery, and favor.

He wants all of us to be healed and made new - even and especially those of us who have debt we can't pay.

God's jubilee is real.

God's forgiveness is eternal.

And we are very, very loved.

If you have any questions, I'm happy to talk more. You can contact me at **901-327-1212** or at **info@darrellcastle.com**.

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Notes

