

Debt Forgiveness: Plainer Speaking, Please.

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1. Introduction

In contemporary economic usage, the cancellation of debt is referred to as “debt forgiveness.”² This terminology resonates with New Testament passages in which debt is used as a metaphor for sin. In the Lord’s Prayer, for example, the disciples are taught to ask God to “forgive us our debts, as we also have forgiven our debtors” (Matt. 6:12, NIV). But the economic terminology subtly reverses the scriptural metaphor. If debt must be “forgiven,” then the state of debt distress must have the connotations of sin. Given the complexity of debt distress in practice, the result is an odd one. Our terminology seems to pre-judge the case; in effect, we enter the court asking the creditor for mercy rather than justice.

In this note I trace the historical roots of the current usage. I ask when, how, and with what consequences the English usage acquired its decidedly normative overtones. In the process I make a case for the replacement of “forgiveness” with “cancellation” in economic discussion, and particularly in the Jubilee 2000 debate. Use of the more neutral term acknowledges at the outset the complex economic and moral dimensions of the issue and allows a more productive debate on ways forward.

2. An analogy transformed

The juxtaposition of “debt” with “forgiveness” in early English language translations of the New Testament undoubtedly provided crucial practical impetus to the establishment of the modern English usage.³ Thus in the earliest full translation of the bible into (Middle) English, the disciples are taught to ask the Father, in the Lord’s Prayer, to forgive their debts

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² The 1992 *New Palgrave Dictionary of Money and Finance*, for example, has an entry for debt forgiveness but no reference to debt cancellation.

³ T. S. Eliot viewed the influence of ecclesiastical language on common usage as substantial even in the 20th century. In reviewing the just-released *New English Bible* in 1962, he warned that as long as the new translation “was used only for private reading, it would be merely a symptom of the decay of the English language in the middle of the twentieth century. But the more it is adopted for religious services the more it will become an active agent of decadence.” (*Sunday Telegraph*, December 16, 1962, cited in Bruce, F. F., 1978, *History of the Bible in English*. Oxford: Oxford University Press. p. 239.)

“As we forgeve to oure dettours.” WYCLIF Matt. vi., 1382, cited in OED.

The terms “debts” and “debtors” appear in the original Greek, in a form literally applicable to loan contracts. Bruce (1978), however, traces the particular turn of phrase to the Aramaic spoken by Jesus, in which “debts” referred idiomatically to sins (p. 76). Indeed, the thrust of passages such as the Lord’s Prayer centers clearly on the concept of forgiveness, rather than on debt *per se*. Thus a parallel tradition in English translation uses “trespasses” rather than debts in Matthew 6:12, and aside from literal consistency with the Greek there is no fundamental reason to prefer one to the other.⁴

In the New Testament parables, forgiveness is an act of grace rather than of justice or obligation. It would not occur if God were merely just, and not also merciful; moreover, it is the prerogative of the powerful and righteous, rather than of the weak and sinful. Pope’s famous couplet captures these complex connotations: “To err is human; to forgive, divine.” Throughout the New Testament, and not only in the Lord’s Prayer, the release from debt is used as an analogy for forgiveness. Thus when Peter asks Jesus “Lord, how many times shall I forgive my brother when he sins against me? Up to seven times?,” Jesus answers that

“... the kingdom of heaven is like a king who wanted to settle accounts with his servants. 24 As he began the settlement, a man who owed him ten thousand talents was brought to him. 25 Since he was not able to pay, the master ordered that he and his wife and his children and all that he had be sold to repay the debt. 26 “The servant fell on his knees before him. ‘Be patient with me,’ he begged, ‘and I will pay back everything.’ 27 The servant’s master took pity on him, canceled the debt, and let him go. (Matt. 18: 21-27, NIV).

In verse 27, the master does not “forgive” the debt; his simple action is to “cancel” it. It is the gracious *nature* of this act, and its liberating *effect* on his subordinate, that begins to illustrate what Jesus means by forgiveness of sins. The passage thereby employs, to powerful effect, two very distinct ideas.⁵ The complex, normative, and novel concept of “forgiveness of sins” is brought to life via the simple, descriptive, and familiar concept of “cancellation of debts.” It is in conflating the two concepts that the term “debt

⁴ The primacy of forgiveness is illustrated by the fact that while all early English translations employ “forgive” in the Lord’s Prayer, the earliest translation directly from the Greek chooses “trespasses” over the literal “debts”: “And forgeve vs oure trespases, even as we forgeve oure trespassers.” (Tyndale’s New Testament, 1534, cited in Bruce, *op. cit.*, p. 46). Before Tyndale, passages in the English vernacular were almost certainly translated from the Latin Vulgate of c. 400, as was the Wycliffe bible. Old English versions appear to use “gyltas” (e.g., *Ags Gosp. Matt. c. 1000, vi.12*: “And forgyf us ure gyltas,” cited in *Oxford English Dictionary*); Middle English versions (1100 – 1500) variously use either debts or trespasses. For a sampling of English translations, see *The Lord’s Prayer in English*, a web page compiled by Catherine N. Ball (http://www.georgetown.edu/cball/oe/pater_noster.html).

⁵ Thomas Aquinas viewed the use of metaphor as a central feature of God’s communication with man in the bible: “It is befitting Holy Scripture to put forward divine and spiritual truths by means of comparison with material things. For God provides for everything according to the capacity of its nature. Now it is natural to man to attain to intellectual truths through sensible things, because all our knowledge originates from sense. Hence in Holy Scripture spiritual truths are fittingly taught under the likeness of material things.” (*Summa Theologica* Q. I, Art. 9)

forgiveness” acquires its modern and, in the economic sphere, largely misdirected, normative overlay.⁶

3. Debt cancellation: two alternative traditions

Debt contracts go back as far as the “sea loans” of Greek antiquity, and the practice of lending was common enough within the tribes of Israel that the Mosaic law set out regulations to govern it. Debt obligations were therefore ready material for the parable-making of the New Testament. But the earlier traditions were far from interpreting debt cancellation as an act of forgiveness in the New Testament sense. Their particular emphases instead point to the normative ambiguity of debt distress as a human phenomenon.

Sea loans were extended by wealthy merchants to ship captains who carried trade across the Mediterranean. These contracts contained an explicit allowance for cancellation in the event that cargo was lost to piracy or storm. This provision allowed lender and borrower to share risk efficiently while exploiting an opportunity for mutual gain. In their *ex ante* provision for risk-sharing and their deployment in support of commercial enterprise, sea loans anticipated by several millennia the forms of financial contracting that were to develop during Europe’s commercial revolution.

The Mosaic law, as set out in the Hebrew Torah, lays out three cyclical periods of rest: the Sabbath, occurring every 7th day, the Sabbatical year, occurring every 7th year, and the Jubilee year, occurring every 50th year (following 7 sabbaticals). Jews are admonished not to work on the Sabbath day and not to plant or harvest in either the Sabbatical year or the year of Jubilee. The Sabbatical and Jubilee years, however, have distinctive features associated with freedom from the bondage of debt or servitude. Thus:

1 At the end of every seven years you must cancel debts. 2 This is how it is to be done: Every creditor shall cancel the loan he has made to his fellow Israelite. He shall not require payment from his fellow Israelite or brother, because the LORD’s time for canceling debts has been proclaimed. (Deut. 15: 1-2, NIV)

Consecrate the fiftieth year and proclaim liberty throughout the land to all its inhabitants. It shall be a jubilee for you; each one of you is to return to his family property and each to his own clan.. (Lev. 25:10, NIV)

The presumption here is not that loans are made to exploit commercial opportunity, but rather to avert disaster. Indeed the Mosaic law encourages such lending:

7 If there is a poor man among your brothers in any of the towns of the land that the LORD your God is giving you, do not be hardhearted or tightfisted toward your poor brother. 8 Rather be openhanded and freely lend him what he needs. (Deut. 15: 7-8, NIV)

⁶ There are many other biblical shadows in the terminology and legal structure of contract law, including the term “grace period” and the fact that US bankruptcy law prohibits an individual from filing for personal bankruptcy more than once every seven years (see below on the Hebrew ‘sabbatical,’ or seven-year debt remission period).

Thus in regulating intra-community debt, the Mosaic tradition imposes a structure of obligation that constrains the lender as much as the borrower. Debt, indentured servitude, and the alienation of land are viewed as the result of misfortune, with the result that creditors acquire an obligation not only to lend but also to remit debts periodically in the interest of justice.⁷ This strand of thought is mirrored in the Hebrew, Christian and Islamic prohibitions against usury, all of which grew up in agrarian communities in which technology was largely stagnant and borrowing was as much to avert calamity as to exploit opportunity.

4. A plea for plain speaking

The creditor's exposure to default is an inescapable part of a debt contract. When malfeasance is proven, cancellation-as-forgiveness represents the divine option; perhaps the only option, if loan is not to lose both itself and friend. But debt distress is not always, and probably not even typically, the result of malfeasance. In the sea loan tradition, the creditor trades the possibility of loss for the likelihood of economic gain. Cancellation is triggered automatically by a verifiable calamity, and in such a situation it carries no normative overtones. In the Sabbatical and Jubilee traditions, both creditor and debtor operate under normative obligations. To call the periodic cancellation of intra-community debts 'forgiveness' in the modern sense is to mistake a presumption of misfortune for a presumption of malfeasance. As fundamentally, it is to repudiate the obligations of the strong towards the weak that have been a central feature of Jewish belief since ancient times. Permanent bondage of debt or servitude were not to be countenanced within the tribes of Israel, in covenant with the God they believed had delivered them from slavery in Egypt.

The Jubilee tradition has most recently provided the inspiration for a massive campaign to eliminate the sovereign debts of poor countries. The substantive considerations that must be weighed in the Jubilee 2000 debate span the range suggested in this note, from considerations of risk-sharing, incentives, and efficiency to considerations of social justice in the human community. Each of these considerations is further complicated by the sovereign nature of the debts. It is a costly diversion to follow economists and journalists in referring to the central proposal as one of debt forgiveness. The question at hand is one of debt cancellation, in all its pure and simple complexity. To advance the substantive debate, let's call it that.

⁷ The redistributions prescribed in Deuteronomy and Leviticus would also have had the effect of preventing the accumulation of wealth inequality within the community of Israel over time. A functionalist interpretation of these laws might therefore emphasize their effect in strengthening the internal cohesion of the community and therefore its resistance to outside predation. But periodic debt cancellation can also weaken the community by undermining the incentive to lend (cf. Deut. 15: 9, NIV: 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 your needy brother and give him nothing.). It is unclear whether the ancient Israelis actually practiced the cyclical debt remission prescribed in the Torah.