

WHAT DOES THE BIBLE SAY ABOUT THE ISSUE OF DEBT?

The Bible speaks about the issue of debt in a variety of places and acknowledges that debt is a part of the lifestyle that many men and women choose to incorporate into their lives. However, in almost every case this choice causes immediate or problems in the future. I have listed below some of the more prominent verses discussing this issue.

OLD TESTAMENT

- 1) Proverbs 22:7 "The rich will rule over the poor, and the borrower is servant to the lender."
- 2) Deut. 15:6 "For the Lord your God will bless you as he has promised, and you will lend to many nations but you will borrow from none." This same wording is again quoted in Deut. 28:12
- 3) Eccl.5: "When you make a vow to God, do not delay in fulfilling it."
- 4) Psalm 37:21 "The wicked borrow and do not repay, but the righteous give generously;"

Note: These verses were written specifically for Israel, giving them insight into what God thought about debt and the seriousness of creating debt.

- 5) Exodus 22:25 "If you lend money to one of my people among you who is needy, do not be like the money-lenders; charge him no interest."

Note: It does not appear that God intended Jews/Christians to charge each other interest.

NEW TESTAMENT

- 1) Romans 13:8 "Let no debt remain outstanding, except the continuing debt to love one another."

Note: It would appear that the New Testament also indicates that debt should be repaid; however, the following two verses would need to be evaluated within the context of the debt issue.

- a) Matt. 5:42 "Give to the one who asks you, and do not turn away from the one who wants to borrow from you."

- b) Eph. 4: 28 "He who has been stealing must steal no longer, but must work , doing something useful with his hands, that he may have something to share with those in need."

There appears to be a secondary question and that is, if we borrow what we cannot repay, is that stealing? The Bible is clear that stealing is wrong, Exod.20:15 & Lev. 19:11

The above verses appear to put many of the people in America and the country in general, at odds of how God intended man to live as it relates to our relationship with God and with each other, as it relates to money and how it should be used, and the issue of debt and what constitutes stealing.

The real QUESTION appears to be: is our current situation an issue that will correct itself over time or is this a judgment from God.

BASIC FACTS ABOUT AMERICA'S CURRENT DEBT SITUATION

- 1) Currently \$16 trillion in debt and growing at an increasing rate.
- 2) About 300 million people in America today.
- 3) Break down of current tax base today.
 - a) 50% pay no tax,(150 million people)
 - b) 2% pay 40% of the tax, (6 million people)
 - c) The remaining 48% pay 60% of the tax, (144 million people)
- 4) Current debt interest rate is about 3%, with a current global range of up to 7% (Greece)
- 5) REAL economic growth rate is less than the REAL inflation rate
- 6) Real manufacturing jobs have been and are continuing to be exported to other countries at an increasing rate.
- 7) For purpose of analysis one job is valued at \$100,000, all in.

ANALYSIS;

- 1) Calculating debt per person;
($\$16 \text{ trillion} / 300 \text{ million people} = \$53,333 \text{ each}$)
- 2) Calculating debt per family of 4;
($\$53,333 \times 4 = \$213,332$)
- 3) Debt service or interest on \$16 trillion per year;
($\$16 \text{ trillion} \times 3\% = \$480 \text{ billion per year}$)
($\$16 \text{ trillion} \times 7\% = \$1.12 \text{ trillion per year, this is Greece rates}$)
- 4) Debt cost broken down by tax payer, if taxes are to be the method of repaying the debt; (this is assuming each of the 300 million people are tax payers)
 - a) 50% of the tax payers pay no tax, so they will be omitted from the calculations, this assumes 50% of the 300 million Americans pay no tax;
 - b) 48% of the 300 million Americans pay 60% of the tax or 144 million people; ($\$16T \times 60\% = \$9.6 T$) ; therefore, ($\$9.6T / 144M = \$66,667 \text{ per person}$)
 - c) 2% of the 300 million Americans pay 40% of the tax or 6 million people; ($\$16 \times 40\% = \6.4 Trillion) ; therefore, ($\$6.4T / 6M = \$1,067m \text{ per person}$)
- 5) Debt service or interest broken down by tax payer, this calculation also assumes that 50% of the tax payers pay zero toward the debt service cost;
 - a) 50% pay zero toward the debt service cost
 - b) 48% of the 300 million Americans pay 60% of the debt service cost or 144 million Americans; ($60\% \times \$16T \times 3\% = \$480 \text{ billion per year}$)
→ ($\$480B / 144m \text{ people} = \$3,334 \text{ per year, per person}$)
 - a) Assuming family of four, ($\$3,334 \times 4 = \$13,336 \text{ per year}$)
 - c) 2% of the 300 million Americans pay 40% of the debt service cost or 6 million Americans; ($40\% \times \$16T \times 3\% = \$320B \text{ per year}$)
→ ($\$320B / 6M \text{ people} = \$53,334 \text{ per person per year}$)
 - a) Assuming family of four, ($\$53,334 \times 4 = \$213,336 \text{ per year}$)

→ (@ 7% interest = \$124,443 per person per year)

a) Assuming family of four, ($\$124,443 \times 4 = \$497,772$ per year)

6) Number of jobs lost to debt service cost , based only on paying debt service and nothing to principle;

a) (@ 3% interest, $\$480B / \$100,000/\text{job} = 4.8$ million jobs which cannot be created because the cash required to create these jobs (jobs creation equals, production then purchasing of goods and services) will be needed to pay our debt service.)

b) (@ 7% interest, $\$1.120T / \$100,000/\text{job} = 11.2$ million jobs which cannot be created because the cash required to create these jobs (same definition as above) will be needed to pay our debt service.)

7) Number of jobs lost to pay back principle portion of debt.

a) Each \$1,000,000 = 10 jobs @ (\$100,000 each)

b) Each \$1,000,000,000 = 10,000 jobs

c) Each \$1,000,000,000,000 = 10,000,000 jobs

If jobs are \$50,000 each then these numbers would be doubled and if \$200,000 they would be one half the above numbers.

Note: It is not possible to grow or spend your way out of debt if the following three events are taking place:

- 1) The country's real growth rate is less than or equal to the country's inflation rate. If either of these is true then, the units of product being produced are equal to or less than last year's production in units. This means the current job requirements are the same or less than last year.
- 2) The country is exporting its real manufacturing jobs.
- 3) To maintain the country's current standard of living requires the country to borrow 40% of every dollar, based on its current spending rate.

The bottom line is sustainable growth is not possible when the above three conditions are present and continuously spending more than you make will always lead to "...the borrower is servant to the lender", Prov. 22:7

Note: It needs to be pointed out that if the government injects cash into the economy there will see a short term improvement in most, if not all, of the

economic indicators. However, the risk with this approach is that when the injection of cash runs its course through the economy→ IF REAL ECONOMIC GROWTH CANNOT BE GENERATED—the country will now find itself in a situation where the jobs that were created because of the cash injection have disappeared – AND YOU NOW HAVE INCURRED THE DEBT AND DEBT SERVICE OF THE CASH THE GOVERNMENT INJECTED INTO THE ECONOMY.

The second part of this is that if our country and people find that “we” as a people and country fall into the following category, “The wicked borrow and do not repay”, Exodus 20:15 states, “You shall not steal” and it sounds like America is in the process of stealing.

Last, see if any of these verses sound similar to the situation in America today.

- a) Prov. 22:26-27- “Do not be a man who strikes hands in pledge or puts up security for debts; if you lack the means to repay, your very bed will be snatched from under you.”
- b) Romans 13:7, “Give everyone what you owe him...”
- c) Prov. 27:1, “Do not boast about tomorrow, for you do not know what a day may bring forth.”
- d) James 4:13-16, “Now listen, you who say, ‘today or tomorrow we will go to this or that city, spend a year there, carry on business and make money.’ Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes. Instead, you ought to say, ‘If it is the Lords will, we will live and do this or that. As it is, you boast and brag. All such boasting is evil’.”
- e) Luke 16:13, “No servant can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money.”

CONCLUSION,

It appears that given our current love of money and material possessions America has decided it loves money more than God.