

# Is the current capitalist system of lending and borrowing unjust?

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## **Exodus 22:25**

*If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them. (For context, read 22:25-27.)*

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*In the News*

## **Americans Across Different Sectors of Society Burdened by Debt**

The U.S. Department of Education was recently ordered not to delay implementation of regulations such as "borrower defense" and "gainful employment" that are meant to protect students from predatory lenders. That means the department is to facilitate at least \$150 million of student loan debt forgiveness for students who have been defrauded by educational institutions that engaged in deceptive practices.

One such institution, Career Education Corp. (CEC), a for-profit higher education company, announced last week that it will not require repayment of \$493 million in education loans from nearly 180,000 students who took out loans with the company over the past 30 years. The average amount of debt each incurred was \$2,750. This compares to the average undergraduate student loan debt of just under \$33,000, with a median of about \$17,000.

While CEC denies that they did anything wrong or have liability, the company was charged in 2014 with misleading prospective students about the costs associated with their educational programs, the transferability of class credits to other institutions, and probable job prospects upon graduation. CEC will now be required to be transparent about costs, projected debt, job placement rates, and potential future earnings of graduates.

In related news, according to the Federal Reserve the average American household carried \$137,063 in debt in 2017, while the median household income was just \$59,039. On average, an American owes about \$38,000 for education, car loans, medical care costs, credit card purchases and other debits, not counting home mortgages, according to Northwestern Mutual's 2018 Planning & Progress Study.

Some factors that contribute to debt in America are sudden unforeseen expenses (automobile breakdown, medical emergency, funeral travel); loss of income; poor planning; over-easy access to credit; greed (wanting more than can be afforded); pride of status and envy of others' possessions and lifestyle ("keeping up with the Joneses"); and pressure from marketers to overspend on non-essentials.

Our current system of lending and borrowing is set up to charge higher interest rates to those that are least likely to be able to pay them. In a recent interview with Terry Gross of *Fresh Air* on National Public Radio, law professor Alexandra Natapoff spoke about America's misdemeanor system as a large cause for debt amongst the poor. In her new book, *Punishment Without Crime*, Natapoff details how the system often pushes impoverished defendants into a never-ending cycle of unpayable debt, by setting high bail to provide a revenue stream for courts, probation offices, public defenders, prosecutors or the general budget of municipalities.

Though defendants may not be guilty of the crime, bail before trial may be set at an amount that they cannot afford. As a result, they may be incarcerated primarily because they can't pay, not necessarily because of the seriousness of the original offense or their guilt.

Whether or not those accused of petty crimes are guilty, an inability to pay bail, fines or fees can land people in jail or on probation, which can result in loss of job opportunities, employment, welfare benefits, housing, assets, educational opportunities and financial aid for education. Incarcerated individuals with children may risk losing custody and incur more debt in the fight to keep the family together. If individuals borrow money to pay what they owe, it may often come at higher interest rates, resulting in layers of more unpayable debt that ruins their credit.

In addition to fines imposed as punishment for misdemeanors, defendants may be subject to a slew of fees, including charges for their own incarceration, supervision, application for or use of a public defender, drug or DNA tests, failure to appear in court. In a seemingly unending debt cycle, defendants can also be charged late fees for not paying other fees on time.

Ironically, if you can't afford a lawyer, you are eligible for a public defender, but you still may have to pay a court "recoupment" fee to apply for one. So poor people often waive their right to a public defender, simply because they can't afford to pay the fee.

"Jail fees are particularly egregious and ironic for individuals who are being incarcerated precisely because they couldn't pay their fines and fees," Natapoff said. "Once they go to jail, in many jurisdictions, the jail will then charge them a fee for having been in the jail. There are fees for the use of health care in jails, so many people forgo health care." And once individuals are jailed, of course, they cannot earn a paycheck or pay taxes which would contribute to the fabric of the community.

"I'm not arguing to do away with the misdemeanor system," Natapoff asserted. "We need to be able to respond to low-level crimes, to low-level harms. [But] ... We need to dial back the penalties and the use of debtors' prison so that the misdemeanor system can do its job, so that it can go after crime and low-level offenses in a meaningful way and impose punishments that are not so wildly disproportionate to the crime."

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Here are some Bible verses to guide your discussion:

**Luke 6:34-36**

*[Jesus said,] "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, do good, and lend, expecting nothing in return. Your reward will be great, and you will be children of the Most High; for he is kind to the ungrateful and the wicked. Be merciful, just as your Father is merciful." (For context, read 6:27-36.)*

This passage's description of God is as kind, merciful (Luke 6:35-36) and compassionate. God's nature is seen as the template for human character and conduct toward others.

**Questions:** What principles can you draw from this passage to guide individuals or institutions that lend to others? Should these principles be considered normative for modern lending institutions? Should lenders have different lending policies for different socioeconomic groups?

**Proverbs 22:22-23**

*Do not rob the poor because they are poor,  
or crush the afflicted at the gate;  
for the LORD pleads their cause  
and despoils of life those who despoil them. (For context, read 22:1-8, 22-27.)*

This passage acknowledges the reality that the rich exercise power over the poor, and the lender rules over the borrower like a master over a slave (v. 7). But it warns that those in positions of power and privilege who sow injustice "will reap calamity" (v. 8).

God opposes those who target poor people for mistreatment and who crush the afflicted "at the gate," a reference to the place where legal verdicts were rendered. Powerful people have an even greater responsibility to treat those in a weaker position fairly.

**Questions:** Where do you see the Lord pleading the cause of the poor and afflicted today? What role, if any, should the church play in that kind of advocacy, and how might the church engage in such a ministry?

### **Matthew 6:12-15**

*And forgive us our debts,  
as we also have forgiven our debtors.*

*And do not bring us to the time of trial,  
but rescue us from the evil one.*

*For if you forgive others their trespasses, your heavenly Father will also forgive you; but if you do not forgive others, neither will your Father forgive your trespasses. (For context, read 6:8-15.)*

Many followers of Christ pray The Lord's Prayer every week as part of corporate worship.

**Questions:** How would you characterize the debts we owed that God has cancelled and forgiven? How do you think this passage about debt forgiveness should be applied or not applied in our personal lives? In our society at large?

### **Prayer in Times of Conflict (BCP p.824)**

○ God, you have bound us together in a common life. Help us, in the midst of our struggles for justice and truth, to confront one another without hatred or bitterness, and to work together with mutual forbearance and respect; through Jesus Christ our Lord. *Amen.*