

Debt Bondage: A Christian Perspective on the Paulson Bank Bailout

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An unprecedented popular protest led Congress to reject the Treasury's initial bailout plan on Monday, September 29. Most commentators have noted how ironic and seemingly out-of-character it was that the bailout was defeated mainly by Republicans, and indeed by the party's right-wing Bible Belt Conservatives. But would it be too much to hope that these Congressmen bore in mind the Christian ethic embodied in Matthew 18 – almost literally a Biblical condemnation of the bailout's terms?

This wonderful passage describes how Peter came to Jesus and asked about forgiveness – mainly the forgiveness of debts. In ancient languages the words for “sin” and “debt” were the same, in an epoch when. Sinners typically atoned for their offenses and “trespasses” by making a compensation payment.

Jesus told a parable of a king calling in one of his officials, who owed him 10 thousand talents – not unlike today's government seeking to collect monies due from Citibank, JPMorgan Chase and other Wall Street financial firms. When the royal servant was unable to come up with the money, the king consigned him and his family to debt bondage. But the official “fell down and worshipped him, saying, Lord, have patience with me, and I will pay thee all.” The analogy here is with Mr. Paulson's allies on Wall Street promising that, somehow, the Treasury may end up being repaid and may even make a profit by buying \$700 billion in junk mortgages.

“Then the lord of that servant was moved with compassion, and loosed him, and forgave him the debt.” This is what the compassionate Mr. Paulson is proposing to do. The Treasury will buy “trash for cash,” taking junk mortgages and other bad loans at whatever price the financial speculators paid, without obliging them to take a loss.

In the Matthew 18 parable the royal official “went out and found one of his fellow servants, who owed him a hundred pence; and he laid hands on him, and took him by the throat, saying, ‘Pay me what you owe.’” The debtor begged the creditor for forgiveness just as the creditor himself had begged the king. But the creditor was not moved, and “went out and cast the debtor into prison, till he should pay the debt.”

Other debtors saw what was happening and worried that the same fate was in store for them, so they went to the king and told him what had happened. The king got angry and called in the creditor and said, ‘Oh, thou wicked servant. I forgave thee all that debt ... shouldn't you also have had compassion on thy fellow servant, even as I had pity on thee?’ The king then threw him “to his tormentors, till he should pay all that was due unto him.”

This is where Congress has dropped the ball. It is telling the banks – and the administrators whom the Treasury is hiring to recover “taxpayer money” – to act in a hard-hearted way and lead the economy even further down the road to debt peonage. Consumers, homeowners and other debtors defaulting on their student loans, car loans and medical debts are not to get relief from the shrinking economy, rising consumer prices and falling asset prices. But Wall Street is to be able to avoid any loss at all. It is supposed to repay in five years – that is, two presidential terms from now.

So the Christian parallel is broken. The moral in the above parable, Jesus explained (Matthew 18:35), was that “So likewise shall my heavenly Father do unto you, if ye from your hearts forgive not every one his brother their trespasses,” that is, their debts. But Wall Street and Congress must be atheists, because the way that matters are working out today, only the wealthy are being forgiven their debts, not the poor. The big sinners are going free, their victims are being stripped of their assets.

This is of course what happened historically in the Roman Empire on its way to debt bondage and serfdom. That is the secular road on which Congress set the economy last week.

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