

The Bible, Bankruptcy & Christian Witness

By Tim Cooley

Everywhere we look we see headlines of economic distress. “US Families lost \$11 trillion in 2008” [MSN headline 14 Mar 2009], “Sunoco to Cut 20% of Salaried Workers” [Wall Street Journal 13 Mar 2009], “Economists Forecast More Florida Revenue Declines” [Wall Street Journal 13 Mar 2009], and that’s just the tip of the latest economic bad news. We see financial hardships that we have not seen for at least 30 years and maybe not even since the 1930s. And of course this is not just national news: we find these headlines playing out in our everyday lives as well when friends, family, and perhaps we ourselves lose jobs, get hours cut back, and fail to get our usual bonus. But of course the bills keep coming and even seem to increase each day. Because of this, 1.04 million Americans filed for bankruptcy protection in FY2008 [CNMMoney.com, 15 Dec 2008] a 30% increase over FY2007 with that figure set to increase in the first quarter of FY2009. And, what if one of those Americans facing bankruptcy is you? How should Christians think about bankruptcy?

While I don’t think any of us would make it a long term plan to file bankruptcy, nor desire that option, there are times when it just seems the only way out...or at least the *best* way out of your situation. A visit to a lawyer confirms your belief. He or she suggests, even recommends filing for bankruptcy (Christian lawyers may advise this as well). You get to protect your house, a car (perhaps more than one), your retirement assets (maybe) and it gets you a fresh start. Sure, it won’t be easy...your credit is destroyed. You won’t be able to have credit cards so buying that item on impulse will have to wait until you have the cash to pay for it, but at the end of seven years you will have built a whole new financial life and you will be so much better off...or will you?

First, let me pause and say that there are times when you want to pay off your bills, work out a schedule, honor your commitments, but your creditor won’t allow that and you are forced to declare bankruptcy. A friend of mine was forced into Chapter 7 bankruptcy against his will as a creditor would not work with him on renegotiating a schedule so he could repay the debt. The discussion on how you get to such a point is really for another article at another time, but let me say that I understand that sometimes you may try to do what you feel is honorable but are not allowed to do so. Having said this, it is more often the case, especially given today’s circumstances, that lenders will renegotiate terms and work with you to allow you to pay off your obligations. Given this reality of our times, is bankruptcy really a biblical option? What does the Bible say regarding the full payment of our debts?

Of course, the Bible doesn’t have a passage that says, “Thou shalt not declare bankruptcy,” nor does it say, “Bankruptcy is acceptable given...” This is understandable, since the concept of bankruptcy probably originated in the Roman Empire.¹ Some people mistakenly think that the “Year of Jubilee”

¹ The word “bankruptcy” is believed to originate from the Latin terms *bancus* meaning a tradesman’s bench or counter and *ruptus*, meaning broken, thus denoting a tradesman whose place of business was broken or gone. A

concept from the Old Testament is the origin of bankruptcy law, but this is not the case.² However, the Bible has plenty to say about debt. I Kings 4:1-7 is a particularly enlightening passage. Briefly, a widow's former husband, who had probably served the Lord as a prophet, died still owing a debt. The creditor was coming to take the widow's two sons into slavery.³ She appealed to the prophet Elisha for help and Elisha had her gather jars from all of her neighbors. Once the jars were gathered she started filling them from the little jug of oil that she had. God miraculously filled all the jars and she sold the oil to repay the debt and had enough left over to live on. Certainly, this passage shows God's provision in difficult times, but it also shows the importance of paying off debt: God did not denounce the woman's creditor as sinful for insisting that the debt be paid, but instead directly intervened in order to provide for the repayment. Of course, it would be nice if God would just manufacture money for us and enable us to pay off our debt, but I believe that He sometimes does exactly that, though we often miss the miracle. Having creditors allow us to renegotiate a repayment schedule may not seem like a miracle, but it may be God's intervention that allows that to occur.

The importance of paying off debt is also demonstrated in the Bible's warnings against putting up security for someone else's debt. Proverbs 22:26-27 says:

“Don't guarantee to pay someone else's debt. If you don't have the money, you might lose your bed.” [Contemporary English Translation]

The New International Version is a bit more graphic in that it says in verse 27 that your very bed will be snatched from under you. So, even if it is a debt that is not primarily our own, the Bible clearly indicates that repayment is due, even if this requires the drastic step of losing our own property.

Since the Bible clearly teaches that the repayment of debt is necessary, we must address the issue of committing oneself to borrow money. Signing a contract or document (even if only a credit card slip) means that you are guaranteeing you will repay the funds extended to you. Declaring that we will repay if we have no intention of doing so is lying and deceptive, both of which are contrary to biblical principles. Consequently, accepting credit with the expectation of declaring bankruptcy is not an option.

tradesmen in the square who could not pay creditors' claims literally had his bench broken which put him out of business.

² The Year of Jubilee (Lev. 25), as mandated by God through Moses, involved the restoration of land back to the families to which it was originally apportioned when the Hebrews took possession of the Promised Land. Any selling of land before the Jubilee year (which happened every 50th year) was to be done at a price determined by how many years the buyer would retain control of the land (cf. Lev. 25:14-17). In point of fact, the land was never actually sold, but only the rights to use the land (Lev. 25:16). On a smaller scale, every 7th year in Jewish culture was essentially a “Sabbath” year in which debts were cancelled. Again, however, these were debts extended on the basis of how much time was left until the next “Sabbath” year. Modern bankruptcy law is a completely different thing.

³ This is one passage that confirms my belief that there was nothing like bankruptcy in Jewish culture. People were taken into bond-slavery in order to work off their debt to their creditors.

But most Christians don't do that. Instead, we have every intention to pay but unexpectedly find ourselves in the position of being unable to do so. This isn't the same as intentionally deceiving a creditor, but the fact remains that I do not see any example in the Bible where God does not require the fulfillment of a just debt. There are plenty of admonitions that creditors must be merciful and willing to forgive debts, but that is a different issue. The Bible is clear: creditors must be merciful, but debtors must expect to repay their debts. What is depicted in passages such as the parable of the wicked servant in Matthew 18:23-35 is that mercy is up to the holder of the debt and, while we may ask for mercy, we are not supposed to go looking for authorities who will *demand* it from our creditors.

Don't miss that fact that the servant in the parable and the widow in I Kings had to do something: the widow had to go and gather jars from her neighbors and the servant had to plead for mercy. That may not seem like a large request, but we don't know how many jars she gathered, and for the servant, swallowing his pride may have been a gigantic step. But the magnitude of the request is not the point. In the widow's case, the point is that she was obedient...faithful to God's direction and it was for this faithfulness that she was rewarded. So, don't ignore God's direction. Perhaps the windows he opens today may be garage doors that he opens tomorrow.

I know of two well-respected, prominent gentlemen in my community who faced bankruptcy. As a matter of fact, each of them had lawyers that told them it was the best thing to do, and each of them refused because of their belief that a man of God honors his commitments. I've heard both of their stories of personal hardship: one man who had a business had to lay off his own son; one had to sell the dream home his wife designed which would have been protected in bankruptcy; the pleading with creditors and the swallowing of pride, and the difficulty in trusting that God would see them through the financial devastation. However, in each case what came through most vividly, most clearly, was the immense blessings that God bestowed upon each man and family, both during the crisis and after the debts were repaid (each man paid off all that was owed to their respective creditors, though for one it took 11 years to completely satisfy all the debts). There were financial blessings in the end to be sure, but more rewarding was the chance to share the gospel with people as they were asked why they didn't declare bankruptcy and go on with their lives. God honored the faith taking step of faithful men and he will honor yours too.

Finally, and most importantly, the most persuasive reason bankruptcy is not God's best for you lies in His very character. God made the greatest sacrifice imaginable to pay off our debt of sin. In sending His own Son to die an agonizing, painful death on a cross, God fulfilled the debt incurred by our sin. He didn't try to get out of it. He didn't simply overlook it. He paid it. In full. He chose the difficult path, but the path that would communicate to us not only His mercy but also His justice. So then, this is how we shall live: by following His example in walking the harder path, the path of integrity and faithfulness, but also the path that leads to blessing, both now and in the life to come.

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