

A NEW START FOR THE MONETARY SYSTEM: A THEOLOGICAL PERSPECTIVE

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Today's monetary system, characterized by fractional-reserve-banking and currencies that are not backed by a physical commodity, has obvious shortcomings. In fact, the economies are caught in a trap: To support short-term economic growth, central banks tend to set their target rates too low and governments tend to spend too much. As a consequence, unsustainable debt levels build up and lead to severe financial crises, which in turn provoke further stimulus. However, such stimulus increasingly loses its effectiveness, even in the short term.

There is no simple solution to this situation. Outgrowing debt is unrealistic. Long-term forecasts based on demographic developments and capital accumulation show that trend growth rates will continue to decline. Moreover, the misallocation of resources due to low interest rates continues to put pressure on growth. In other words, we are left with high debts levels and low growth.

This paper is not primarily about the flaws of the current monetary system. Neither it is about how optimal monetary systems should look like. The paper is about the future of the existing system. The system seems to need a reset, a new start. Is there a way how the current system will find a way out of the trap it is in?

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A theological perspective provides insights. In short, this paper will discuss in depth a specific part of the Torah that contains laws on how to deal with debt. Leviticus and Deuteronomy introduce the laws of the Jubilee and the Shemittah Years. The idea behind these laws is the following: Indebted farmers, who had to sell their land and even enslave themselves, should have their obligations cancelled in certain recurring years. These new starts should guarantee the social and religious stability and thus the continued existence of the Jewish people.

At first sight, the biblical laws could provide a solution for the problem of today's monetary system. A new start should be made possible, debt cancelled, to guarantee the further existence of the current system. **In reality, however, careful theological and economic reasoning show that these Mosaic laws point to the exact opposite as the most likely outcome.**

As we will see, while it works in single cases, a forced reset of the whole system comes not only with huge economic obstacles but also with serious theological difficulties. The main issue is that debt relief is ultimately only possible through acts of compassion. People can be *convinced* to behave in morally correct ways. Loving your neighbour can include waiving the repayments of debt. However, a system-wide debt relief program means *forcing* people to behave in a morally correct way — a contradiction in terms, as behaving in a morally correct way includes doing it with the right motivation. From the perspective of the New Testament, the Jubilee Year was therefore never meant to be realistic on the level of a whole system. Instead, it should serve as an early pointer to the grandeur of the work of Jesus Christ, that made a “system-wide” relief of moral debt possible — and with that, a “renewal of hearts” that enables compassion for other people.

What does this imply for today's situation? The Jubilee Year does offer insight into today's monetary debt problems *because* of its apparent impossibility. On the one hand, a forced new start with a system-wide debt relief seems neither practical nor morally right. Would a voluntary debt relief be possible? This also seems out of the question because we are dealing with debt on a much more abstract, anonymous level than in the context of the Jubilee Year.

Today's debt problem is not a question of compassion. It is about the inherent problems of the system. First, a large part of today's debt is public debt. This debt is to a great extent held by banks and pension systems due to government regulation or even held by the central banks or states themselves. Second, private debt is mostly provided by banks on the basis of newly created money. Debt relief would lead to banking crises and the states to intervene and stabilize the financial systems with new liquidity. Third, a write-down of corporate debt in times with no immediate distress would primarily benefit a wide range of wealthy shareholders rather than the needy. In short, the current anonymous debt situation cannot be resolved with compassion-led debt relief.

Neither by force nor by compassion is a new start of the whole system realistic, even if it would be beneficial for all. This makes an orderly reset unrealistic. Policymakers will try to postpone such an event as long as possible, as seen today during the coronavirus crisis. To do this, they might also explicitly or implicitly turn to financial repression to reduce debt levels. However, it is much more difficult today than in the past to keep real interest rates below growth rates. Moreover, without a commodity anchor, trust in a fiat currency is at risk. Finally, thus, it seems inevitable that the monetary and fiscal policies measures will lead to a loss of confidence in currencies, and hyperinflation will lead to a disorderly reset of the system.

In summary, my deliberations serve as a reminder that a monetary system which constrains the granting of credit is superior in the long run to a system in which lending has few limits. The Mosaic laws regarding the Jubilee and Shemittah Year offered an effective, but severe constraint on excessive lending. In today's world, it would be a reasonable limit to finance new investments only through real savings.

In this paper, I will first introduce the laws of the Jubilee Year and their setting. Secondly, I will discuss their implementation, mainly based on an incident recorded under Nehemiah's governorship in the 5th century B.C., and their fulfilment in the work of Jesus Christ. Lastly, I will discuss the implications for today's situation.

I.
A BLUEPRINT FOR AN ORDERLY NEW START

In this first part, I describe in detail the framework and the proposed solution of the Mosaic law for the system-wide management of indebtedness.

Debt problems were widespread in the agrarian society in the ancient Near East¹. Many farmers lived at the subsistence level. Since commercial profit was not their goal, they had few liquidity reserves. Their assets consisted of the land itself and the few animals they owned which were considered necessary for survival (Fager, 1993, p84). The agricultural business was prone to many uncertainties, such as poor crop yields due to droughts or plant diseases. If such an event occurred, it became necessary for a farmer to get into debt for a season. To secure seeds for sowing or means to pay workers, farmers took out a loan (Levine, 1989, p271). This could work out well.

However, these loans were also the source that drove farmers into long-term debt and debt-slavery (Levine, 1989, p271). Milgrom (2004, pp299-302) describes this process in three stages:²

- First, if a farmer could no repay his debt, he was forced to sell part of his land to cover the loan and buy new seed. The buyer of the land had to allow that the nearest relative (the redeemer) to buy back the land.
- Second, if the sold land was not redeemed, the farmer did not have enough land to provide for his family and thus had to take out another loan. As there was not enough land to repay the loan, he defaulted on the loan and became a tenant farmer for the creditor. Technically, he has lost all of his lands, but the creditor must allow the farmer to try again in order to repay the loan³.

¹ Ancient Near East is comprising modern Middle East, starting from the Copper Age to around 500 B.C.

² For a broader overview of the social background to debt-slavery in Israel, cf. Chirichigno (1993).

³ He was not allowed to be treated as a foreigner on whom interest may be charged. Since he paid no interest, the produce from the land could amortize his loan.

- Third, if the tenant could not repay his loan and otherwise could not provide for himself or his family, the family entered the household of the creditor as debt-slaves. The farmer still received a salary to repay the loan, however, he no longer enjoyed the usufruct of his forfeited land.

The mosaic laws, written down in the Torah, dealt with this nexus of indebtedness, land ownership and debt-slavery. The laws are arranged around two rhythms. First, based on the creation order, there is a 7-year-rhythm. Every seventh year, the land should rest in the so-called fallow year (Exodus 23), slaves should have the possibility to leave (Exodus 21 and Deuteronomy 15) and debt of neighbours should be cancelled (Deuteronomy 15).

The relevant sections are as follows⁴:

Exodus 23

“**10** For six years you shall sow your land and gather in its yield,
11 but the seventh year you shall let it rest and lie fallow, that the poor of your people may eat; and what they leave the wild beasts may eat. You shall do likewise with your vineyard, and with your olive orchard.

Exodus 21

2 When you buy a Hebrew slave, he shall serve six years, and in the seventh he shall go out free, for nothing.

Deuteronomy 15

1 At the end of every seven years you shall grant a release.

2 And this is the manner of the release: every creditor shall release what he has lent to his neighbor. He shall not exact it of his neighbor, his brother, because the Lord's release has been proclaimed.

...

12 If your brother, a Hebrew man, or a Hebrew woman, is sold to you, he shall serve you six years, and in the seventh year you shall let him go free from you.

⁴ Bible texts are according to the The Holy Bible, Revised Standard Version (ESV), Oxford: Oxford University Press.

13 And when you let him go free from you, you shall not let him go empty-handed.

14 You shall furnish him liberally out of your flock, out of your threshing floor, and out of your wine press; as the Lord your God has blessed you, you shall give to him.

15 You shall remember that you were a slave in the land of Egypt, and the Lord your God redeemed you; therefore I command you this today."

Leviticus 25 adds another rule⁵. Every 50th year, the Jubilee Year should take place⁶. The לְבוֹי (yobel) trumpet, a ram's horn blown on the tenth day of the seventh month, likely gave its name to the Jubilee. In a Jubilee year, "release/liberty should be proclaimed to all inhabitants of the land" (Leviticus 25, 10). All land should be returned to the one who originally held it. Legally speaking, all lands sold or mortgaged were thus merely leased to others for a period never exceeding fifty years, until the next Jubilee year (Sloane, 1978, p5). At that time, lands that had not been redeemed would revert to their former owners. Indenture would also cease, and all Israelites would return to their homes.

The most relevant verses are⁷:

⁵ Leviticus 25 is part of the so-called Holiness Code (Leviticus 17-26), which, due to its differences in style, is assumed to constitute a distinct unit within Leviticus. A natural reading of the Leviticus would make clear that the Holiness Code was written down by Moses. As usual, the documentary hypothesis provides various other conflicting, but remarkably creative ways of explaining the composition. One idea is that the Holiness Code was part of the Priestly source while others see it as a later addition to the Priestly source. The time of the origin varies accordingly (cf. Gunjevic, 2018 for a recent contribution containing much more detail not only on the origin and the context of the holiness code but also on the other relevant texts for the Jubilee Year, including discussions on the relationship between the different but similar sections of the law).

⁶ There is a discussion whether the 50th year replaces the 7th fallow year or whether two consecutive festival years are meant, cf. North (2000). The observance of two successive fallow years would have caused considerable economic and social hardship. In addition, there is the question why there is any need for a release of slaves at the Jubilee Year if slaves were freed every seventh year. There are different attempts to answer this question. Hartley (1992, p433) concludes that every society has laws "from different perspectives and addressing differing situations that contain provision" that conflict in a strictly literalistic interpretation".

⁷ Besides these verses on the Jubilee Year, Lev 25 also repeats the laws regarding the Sabbatical Year (vv. 2-7) and introduces laws on the rights of the sale and the redemption of property (vv 23-55), laws regarding interest on loans to poor Israelites

Leviticus 25

“8 You shall count seven weeks of years, seven times seven years, so that the time of the seven weeks of years shall give you forty-nine years.

9 Then you shall sound the loud trumpet on the tenth day of the seventh month; on the day of atonement you shall sound the trumpet throughout all your land.

10 And you shall hallow the fiftieth year, and proclaim liberty throughout the land to all its inhabitants; it shall be a jubilee for you, when each of you shall return to his property and each of you shall return to his family.

11 A jubilee shall that fiftieth year be for you; in it you shall neither sow, nor reap what grows of itself. nor gather the grapes from the undressed vines.

12 For it is a jubilee; it shall be holy to you; you shall eat what it yields out of the field.

13 In this year of jubilee each of you shall return to his property.

14 And if you sell to your neighbor or buy from your neighbor, you shall not wrong one another.

15 According to the number of years after the jubilee, you shall buy from your neighbor, and according to the number of years for crops he shall sell to you.

16 If the years are many, you shall increase the price, and if the years are few you shall diminish the price, for it is the number of the crops that he is selling to you.”

The law was not without precedent in ancient Near Eastern legal institutions. The word רוּדַר (deror, = “release”, “liberty”) in Leviticus 25, 10 most likely stems from the Akkadian word *anduraru*, which designates an edict of release issued by the Old Babylonian kings and some of their successors (North, 1977, p283)⁸. The edict

(vv 35-38) and laws on slavery caused by debt (vv 39-55). These different laws serve as an integral part of the liberating power of the Jubilee Year (Hartley, 1992, p424). In fact, “the chapter flows logically and coherently” (Milgrom, 2000, p2150). Some scholars have wondered about the absence of debt-release provisions in Lev 25. However, through the emphasis on the land release, it has no need to mention debt release but can take it for granted (Milgrom, 2000, p2174).

⁸ There is also an obvious relation to the Akkadian verb *dararu* (= to move about freely), referring in this instance to the freedom granted to those bound by servitude (North, 1977, p283).

was often issued by a king upon ascending the throne and was a feature of a more extensive legal institution known as *misarum*, a moratorium declared on debts and indenture (Lefebvre, 2003, p345). Most of the *anduraru* texts are negative and refer to cases where the expected remission did not take place (North, 1977, p283)⁹.

The Mosaic laws stand out with their strong connection to land ownership. The value of land reflected the number of harvests remaining until the next Jubilee. The big idea that lies behind this law was that land belonged to God (Lev 25, 23: “for the land is mine”) and that all land was only given by lease to the Jewish People as everlasting אַחֻזָּה (*ahuzzah*) or land holding (Levine, 1989, p270). The importance of land in biblical stories cannot be overestimated, “land is a central, if not the central theme of biblical faith” (Brueggemann, 1977, p3). A large part of the history of the Jewish people revolves around the land that was promised and given to them, but also taken away, and which brings with it open questions and problems today. The importance of land makes clear why the Jubilee year, with its strong connection to land ownership, also carries great weight.

The most natural reason for including the laws into the Mosaic laws is, however, their social focus (Sloane, 1978, p12). As we have seen, in the ancient system, small farmers were always very close to indebtedness to a wealthy creditor. Indebted farmers should be enabled to start from scratch. Each family should have the chance for a new start, no matter how far they got into debt. The Mosaic laws contained various other passages commending a gracious treatment of poor people¹⁰. Cancelling the debt of the

⁹ There are also (more or less well testified) examples of debt reliefs in other regions in ancient history (cf. Hudson, 2018). For example, the Athenian lawmaker Solon supposedly introduced the a set of laws to cancel all debt and abolish all debt-slavery in Athens in the 6th century B.C. (the so called σεισάχθεια, *seisachtheia*). For this innovation, he likely drew on the tradition of debt relief in Mesopotamia, which he may have heard during his travels in the East (Blok and Krul, 2017).

¹⁰ Cf. specifically Deuteronomy 15, 7-8: “If among you, one of your brothers should become poor, in any of your towns within your land that the Lord your God is giving you, you shall not harden your heart or shut your hand against your poor brother, but you shall open your hand to him and lend him sufficient for his need, whatever it may be.”

poor was also the focus of debt relief in other ancient Near Eastern societies¹¹.

The social focus is reinforced by the Torah's liberation narrative. Liberation from slavery is a common theme in the Hebrew Bible. The narrative starts with the liberation of the Jewish People from slavery in Egypt. But not only slavery from foreign powers is in focus. As the laws concerning the Jubilee Year make clear, being in bondage due to financial debt is also regarded as slavery — even when these “slaves” (Israeli farmers as defaulting debtors) were “legitimately bought” and not war-captives or kidnapped from a foreign power (North, 2000, p112). On the background of this narrative, to be forced to become slaves was regarded as a special mark of deep disgrace for those who wanted to be members of the Israelite community (Coggin, 1976, pp90-91). The laws in Leviticus 25 thus explicitly take on this liberation narrative to motivate Israel to comply with these laws (Hartley, 1992, p424)¹²:

Leviticus 25

“42 For they are my servants, whom I brought forth out of the land of Egypt; they shall not be sold as slaves. [...]

55 For it is to me that the people of Israel are servants, they are my servants whom I brought out of the land of Egypt: I am the Lord your God.”

The debt problem thus had the potential to endanger the stability and sustainability of the Jewish People. While debt problems were widespread in the ancient Near East as they are today, too much debt could literally lead to the enslavement of individuals and families. How could a people that has its origin based on the liberation from slavery survive if a significant part of the people itself was enslaved? Thus, the Mosaic law proposed system-wide debt reliefs, the liberation of slaves and the return of

¹¹ Cf. Hudson (2018) or Milgrom (2000, pp2241-2242). However, the practice in other Middle Eastern nations in the second millennium was that Kings cancelled private and public debts and released land by creditors and freed enslaved men at the beginning of their new reign (Hartley, 1992, p429).

¹² Similarly, also Deuteronomy 15, 15 uses this argument.

property. Such fresh starts should help the social stability and religious community of the Jewish people¹³.

II.

BAD NEWS FOR THE MONETARY SYSTEM, GOOD NEWS FOR HUMANITY

After describing the ideal purpose of the Jubilee Year, the question arises whether such debt reliefs actually happened in the history of the Jewish people and if they happened, how they were carried out. I show in this part that the Jubilee Year was in fact never intended to be *forced* system-wide debt relief. For this, I discuss first a specific incident recorded in the Hebrew Bible in which an actual debt relief was postulated. After that, I show that from a Christian perspective, the Jubilee Year was never meant to be completely fulfilled already in the Jewish community, but only in the work of Jesus Christ.

What can be said about the implementation of the Jubilee Year? Fager (1993, p13) summarizes the literature saying that “most scholars agree that the land reform system described in Leviticus 25 was never put into practice”. Main reasons are that this sort of radical periodic reform would have been very difficult to manage and might have been economically disastrous (p97). Similarly, Milgrom (2000, p2247) argues that “in contrast to the Land Sabbatical, there is no evidence at all that the Jubilee was ever observed.”

Jewish historians living around the birth of Jesus also do not give hints that the Jubilee Year was observed. For example, Josephus makes several vague references to the observance of a

¹³ Of course, the supposed meaning of the Jubilee Year also depends on the assumed time of the writing down or amending these laws. The debate among scholars on this issue is far from settled. Some assign the laws to the Israel's earliest days, others to a post-exilic situation. References to laws related to the Jubilee Year, such as the obligation of a kinsman to redeem property, “though sparse, indicate that there was a legal traditions back into Israel's early history that at least corresponded to the legislation regarding the sabbatical year and the year of the Jubilee” (cf. Hartley, 1992, p429).

general fallow year in his two main works “Antiquities” and “Jewish Wars”, but there are no references to the Jubilee Year at all (Fager, 1993, p35). As we see in this chapter, also in the Hebrew Bible itself, there is no evidence of the jubilee’s emergence as a viable institution¹⁴. Of course, a lack of written evidence does not necessarily imply that the law has never been enacted. However, if the Jubilee Year laws had indeed regularly been applied to a large extent, a biblical or non-biblical testimony would probably not be lacking (Lefebvre, 2003, p333).

Was the Jubilee Year then “a utopian law that remained a dead letter” (Milgrom, 2004, p. 307/308)? Using a documented instance of debt relief in post-exilic Israel in the 5th century B.C., we take a first step to explain the discrepancy between the written law and the actual implementation of the law.

The main insight is the importance to distinguish between moral law, which is based on conviction, and judicial law, which is enforceable by the use of sanctions. Since the Jubilee legislation is devoid of sanctions, “obedience must be elicited by appeal to the theological and moral sensibilities of the community” (Fager, 1993, p106). Thus, the debt reliefs may have worked on a voluntary case-by-case basis, as an act of compassion, but a system-wide debt relief was never forced to be implemented.

Let us take a closer look at the incident, the only documented case in the Hebrew Bible that deals with an implemented solution to a system-wide debt problem: The outcry of the people in post-exilic Israel under Nehemiah’s governorship. Nehemiah 5 reports on this incident. Parts of the Jewish people returned from 70 years of captivity in the Babylonian Empire to re-establish themselves in their homeland. After some years, the indebtedness of a part of the population led to social unrest. In many details, the problems discussed are in line with the problem of indebtedness, property losses and enslavement in the agricultural culture of the ancient Near East described above.

¹⁴ There is no doubt that the obligation of land redemption existed. Certainly, Jeremiah observed it (Jer 32) and Naomi’s requited redeemer could have done but ignored it (Ruth 4,6). Nehemiah’s written pledge mentions the Land Sabbatical (Neh 10.32b), but not the Jubilee.

The incident is described as follows¹⁵:

Nehemiah 5

1 Now there arose a great outcry of the people and of their wives against their Jewish brethren.

2 For there were those who said, "With our sons and our daughters, we are many. So let us get grain, that we may eat and keep alive."

3 There were also those who said, "We are mortgaging our fields, our vineyards, and our houses to get grain because of the famine."

4 And there were those who said, "We have borrowed money for the king's tax upon our fields and our vineyards."

5 Now our flesh is as the flesh of our brethren, our children are as their children; yet we are forcing our sons and our daughters to be slaves, and some of our daughters have already been enslaved, but it is not in our power to help it, for other men have our fields and our vineyards."

6 I was very angry when I heard their outcry and these words.

7 I took counsel with myself, and I brought charges against the nobles and the officials. I said to them, "You are exacting interest, each from his brother." And I held a great assembly against them

8 and said to them, "We, as far as we are able, have bought back our Jewish brothers who have been sold to the nations; but you even sell your brethren that they may be sold to us!" They were silent and could not find a word to say.

9 So I said, "The thing that you are doing is not good. Ought you not to walk in the fear of our God to prevent the taunts of the nations our enemies?"

10 Moreover, I and my brethren and my servants are lending them money and grain. Let us leave off this interest.

11 Return to them this very day their fields, their vineyards, their olive orchards, and their houses, and the hundredth of money, grain, wine, and oil that you have been exacting of them."

¹⁵ It is undisputed that Nehemiah himself wrote this report as a part of the so called "Nehemiah Memoir". There is disagreement in the literature as to whether the incident occurred early in Nehemiah's governorship or much later during his tenure. Since there is no convincing argument that shows the contrary, one can accept the chronological order of the book that places the incident in the time during the rebuilding phase of the wall of Jerusalem early during Nehemiah's governorship (Williamson, 1985, p235).

12 Then they said, "We will restore these and require nothing from them. We will do as you say." And I called the priests, and took an oath of them to do as they had promised.

13 I also shook out my lap and said, "So may God shake out every man from his house and from his labor who does not keep this promise. So may he be shaken out and emptied." And all the assembly said "Amen" and praised the Lord. And the people did as they had promised."

What led to this "great outcry of the people" against their Jewish brothers around 440 B.C.? Due to a famine, many farmers could hardly survive. They were complaining that they need to "mortgaging our fields, our vineyards, and our houses to get grain". In other words, shortages due to failure of crops meant that farmers had to pledge their land and house. Only like this, they would obtain loans to purchase the expensive grain they needed to feed their families and also to sow next year's crop (Allan & Laniak, 2003, p110). Others, still landowners, had to borrow money to pay the annual imperial tax on the fields and vineyards. This obligation again necessitated the pledging of land as collateral against loans. As a consequence, they could also lose land if the loans could not be repaid on time. This even led to slavery. "We are forcing our sons and our daughters to be slaves, and some of our daughters have already been enslaved, but it is not in our power to help it, for other men have our fields and our vineyards." The debtors felt powerless. Nehemiah as governor was asked to stop the practice of seizing the persons and property of insolvent fellow Jews. Instead, seized property (fields and vineyards) should be returned, together with money and produce taken to liquidate the interest on the loan, and even renounce on debt (Schunck, 2009, p142f).

Most likely, the famine was only the trigger for the outcry. The problem was a common one and had probably developed over the years of Nehemiah's time as governor and may well have existed even prior to that time. And as we have seen, Nehemiah was confronted with a problem that the Torah often described: It is wrong that members of the community losing their freedom through economic pressure (Coggins, 1976, p90).

The strategy of the complainants was to use the occasion of an economic crisis to proclaim an emergency Jubilee Year (Blenkinsopp, 1988, p259)¹⁶. The incident thus implicitly proves that the Jubilee Year was not commonly applied: Notwithstanding different assumptions when Leviticus was written, the book Nehemiah was most likely written several generations later. Since the situation described is so similar to that to which the Jubilee Years would refer, one might expect a reference to any Jubilee (or Shemitah) Years would provide a convincing argument for the claims. However, neither the beneficiaries nor the political leadership made reference to the Jubilee year. It is thus likely that the Jubilee Year had not been observed for some time (Frager, 1993, p34).

Nehemiah reacted very comprehensively to the demands of the people and achieved the consent of the creditors for a reform: “We will restore these and require nothing from them. We will do as you say.” The main question in my investigation is how Nehemiah managed to get consent of the creditor. One could argue that the creditors had no other choice than to comply since Nehemiah as governor had the military resources to force compliance. However, the text shows that their consent was not enforced but on the basis of conviction and compassion with the problems of individuals.

Instead of relying on his military resources, Nehemiah proceeded as following to achieve his goal:

- **Convoking an assembly:** Nehemiah called a plenary assembly to win the support of the creditors¹⁷. Thus, the main goal was to convince people with words. “Putting them on the spot” and thus increasing the probability that they change their behaviour and would act immediately could also have played a role (Blenkinsopp, 1988, p259).

¹⁶ Comparable to the release of slaves by Zedekiah during the siege of Jerusalem in 588/587 B.C. (reported in Jeremiah 34, Milgrom, 2000, p2265). Zedekiah also uses the word דֶּרֶר (deror) and thus the language of the Jubilee Year, but without any reference to it.

¹⁷ The strategy was similar to the one Ezra pursued in the matter of foreign marriages (Ezra 9-10).

- **Referring to family ties:** The behaviour of the creditors was a scandal insofar as brothers were involved. Nehemiah condemned a lack of family spirit. He appealed to the principle that as fellow members of the community they were the same flesh and blood as their creditors (Allan & Laniak, 2003, p110). His argument rested specifically on the contrast between efforts of himself and his party to buy back Jews enslaved in the diaspora and the practice of Jewish brother to react to the non-fulfilment of debts with slavery. The creditors could have argued in reply with the legality of the practice, but they acknowledged the force of Nehemiah's humanitarian argument (Allan & Laniak, 1988, p111). Jewish "brotherhood" involves codes of behaviour that go further than legal stipulation (Williamson, 1985, p238).
- **Calling out immorality:** Nehemiah went on to define their practice as not right. It was something a foreign nation would judge to be inhumane behaviour, Nehemiah claimed, and it was also an immoral course of action that did not spring from a proper reverence for God.
- **Fearing God:** There is a parallel between the laws for the Jubilee Year (Leviticus 25, 27-28) and Nehemiah's argumentation (Blenkinsopp, 1988, p259). Behind their right action should be the "fear of God" as the motivating force.
- **Being a role-model:** In the book of Nehemiah, the incident is followed by a description of the generosity of Nehemiah as a governor. He did not place a heavy burden on the people to support his house, as former rulers did. In addition, Nehemiah's temple tax was lower than prescribed in the Mosaic laws¹⁸. So Nehemiah, as governor, acted as a role-model of generosity and wanted to use this to persuade others to follow his example.

Due to Nehemiah's persuasiveness, the assembly endorsed the sanction. This was not an easy thing to do for the creditors. It meant the renouncement of money and employees (Schunck, 2009,

¹⁸ In Nehemiah 10,32-34, the temple tax is a third of a shekel, while in Exodus 30,13, the temple tax is half of a shekel.

p155). Nevertheless, they were satisfied with the solution and turned to divine praise. This shows again that the actions were a consequence of conviction or compassion and not of force. To ratify the agreement and ensure it should be honoured, Nehemiah made them take a religious oath. Going further, he laid on them his own solemn curse, with a symbolic enactment and an explanatory statement¹⁹.

In summary, it can be stated that neither the Hebrew Bible itself nor other historical sources give us the indication that the system-wide debt relief and return of properties demanded by the Jubilee Year was implemented by force. The only incident recorded in the Torah of a broader implementation of the ideas behind the Jubilee Year shows that it had to do with compassion, conviction and to a personal commitment to solving a problem of “family members”. Overall, the Jubilee Year had thus an idealistic, normative dimension, reflecting the critical stance towards slavery. This leads us to a Christian interpretation of these laws.

Jubilee Year in the New Testament

From a Christian perspective, the laws and events of the Hebrew Bible always have an additional dimension. They point to the work of Jesus. And indeed, according to the Gospel of Luke, Jesus refers to the Jubilee Year in his first public sermon in Nazareth. In one of the earliest descriptions of a synagogue service we have (Klein, 1986, p155), Luke reports the following incident²⁰. As any

¹⁹ While the creditors did not act as a consequence of force, they neither could not receive individual social recognition for doing it — one possible reason behind altruism. Nehemia’s solution thus has similarities to a forced Jubilee Year where social recognition is also not possible.

²⁰ Mark also reports on a visit of Nazareth by Jesus (Mk 6, 1-6a). The substance of the reports is similar. However, the Lucan form of the incident is over twice as long. Only the Lucan report includes the details of the incident in the synagogue. The details of the connections between the two reports and additional source documents like the Q source are complex (cf. Bovon, 1989, p207). Not surprisingly, scholars thus differ on their view whether Luke relied on a non-Markan source or not (Fitzmyer, 1981, p527).

man could announce his intention to read by standing up during a synagogue service, Jesus stood up to read the following verses from the Isaiah scroll (based on Isaiah 61,1f and 58,6):

Luke 4

“18 The Spirit of the Lord is upon me, because he has anointed me to preach good news to the poor. He has sent me to proclaim release to the captives and recovering of sight to the blind, to set at liberty those who are oppressed,

19 to proclaim the acceptable year of the Lord.”

Thus, Jesus defined his ministry with the following actions: To preach good news to the poor, proclaim liberty for the captives and recovery of sight for the blind, to release the oppressed and to proclaim the “year of the Lord’s favour” (as it can also be translated).

A central question is whether the “Year of the Lord’s favour” is, in fact, a reference to the “Jubilee Year”. There is no reason to believe that A.D. 26/27, when this incident likely happened, was in fact observed as a Jubilee Year (Klein, 1986, p157). However, the Isaiah manuscripts of Qumran (the “Dead Sea Scrolls”) testify that Isa 61 was read and commented on in schools and synagogues at the time of Jesus (Bovon, 1989, p211). Specifically, the Qumran fragment 11QMech shows that Isa 61 was read at the Day of Kippur, the Day of Atonement, alongside Lev 25 (Perrot, 1973, pp197-198)²¹. Thus, there is very good reason to believe that at the time of Jesus

²¹ The Qumran fragment 11QMech is an apocalyptic text on the Jubilee Year, written mid-first-century B.C. The most relevant part for our purposes consist of the following verses (according to Vermès, 2004): “And concerning that which He said, In [this] year of Jubilee [each of you shall return to his property (Lev 25, 13); and likewise, And this is the manner of release:] every creditor shall release that which he has lent [to his neighbour. He shall not exact it of his neighbour and his brother], for God’s release [has been proclaimed] (Deut 15, 2). [And it will be proclaimed at] the end of days concerning the captives as [He said, To proclaim liberty to the captives (Isa 61, 1). Its interpretation is that He] will assign them to the Sons of Heaven and to the inheritance of Melchizedek; [for He will cast] their [lot] amid the portions of Melchizedek, who will return them there and will proclaim to them liberty, forgiving them [the wrong-doings] of all their iniquities. And this thing will [occur] in the first week of the Jubilee that follows the nine Jubilees. And the Day of Atonement is the e[nd of the] tenth [Jubilee], when all the Sons of [Light] and the men of the lot of Melchizedek will

Isaiah 61,1f was indeed connected to the Jubilee Year of Leviticus 25,10^{22,23}.

Moreover, there is no doubt that Jesus quoted the verses against the background of the Hebrew Bible's liberation narrative. The word used for release/liberty, ἄφεσις (*aphesis*), makes a clear connection to Leviticus 25, 10 and the word used there דִּרְוֹר (*deror*). The Greek translation of the Hebrew Bible that was known at the time of Jesus, the Septuaginta, uses exactly this word in translating Lev 25, 10 (cf. North, 1977, p239). However, from what we know about Jesus' life, it follows clearly that he had not in mind liberty from monetary debt, not even a release of slaves²⁴. Jesus took Isaiah's passage and enhanced its message with a new meaning: forgiveness of sins.

In fact, when writing the Gospel, Luke made forgiveness of sins a major element of Jesus' mission. He uses the word ἄφεσις (*aphesis*) several times in the sense of "forgiveness" (Fitzmyer, 1981, p533)²⁵. The report on Jesus preaching in the synagogue has thus "definitive programmatic character" (Fitzmyer, 1981, p529). Prior (1995, p140) based on Monshouwer (1991) summarizes: "Luke used Isaiah 61,1 at the beginning of Jesus' ministry as suited to presenting Jesus' program after the fashion of a Jubilee Year. But now the Jubilee would not occur only every fifty years, but liturgically, each year, when Isaiah 61,1 would serve as a model for the End Time of the Messiah, which is today."

The Jubilee Year therefore also offers, from a Christian point of view, a blueprint for an orderly exit from a debt situation. But the focus is not on money. The work of Jesus, which culminates in

be atoned for. [And] a statute concerns them [to provide] them with their rewards. For this is the moment of the Year of Grace for Melchizedek."

²² A second indirect reference to a Jubilee Year occurs in Jesus' reply to John the Baptist's question whether he was truly the Messiah (Luke 7, 20-23 or Matthew 11, 2-6). Besides Isaiah 61,1, Jesus alludes to Isaiah 35, 5-7, also an eschatological text that refer to the Jubilee Year (Hartley, 1992, p447).

²³ For an overview of the various references to the Jubilee Year in the Qumran community, cf. Bergsma (2007).

²⁴ The main evidence for דִּרְוֹר (*deror*) in the Qumran texts (11QMelch) is also closer to this interpretation. In the text, Melchizedek proclaims a דִּרְוֹר (*deror*) for prisoners. The text has an eschatological focus and includes forgiveness of sins (North, 1977, p287).

²⁵ Cf. Luke 1, 77; 3,3; 24,47 and Acts 2,38.

his death on the cross and the resurrection, should make possible a new start for “moral debt slaves”. This leads to two consequences:

Firstly, in the new condition human beings are free to do good deeds, because they “are no longer slaves of sin”, as Apostle Paul explains it in his letter to the Church in Rome:

Romans 6

“6 We know that our old self was crucified with him so that the sinful body might be destroyed, and we might no longer be enslaved to sin.

7 For hed who has died is freed from sin.”

Human beings can act with compassion, without being forced, but out of conviction, also towards the poor and those who are financially dependent. For example, Jesus’ call to love the enemies, which implies as a creditor that one does not expect the money to be paid back, becomes only realistic once a person is no longer “a slave of sin”:²⁶

Luke 6

“32 If you love those who love you, what credit is that to you? For even sinners love those who love them.

33 And if you do good to those who do good to you, what credit is that to you? For even sinners do the same.

34 And 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.

35 But love your enemies, and do good, and lend, expecting nothing in return; and your reward will be great, and you will be sons of the Most High; for he is kind to the ungrateful and the selfish.”

In other words, moral law such as these commandments no longer needs to be enforced, which would be a contradiction in terms anyway because doing something right, from a Christian perspective, necessarily includes doing it with the right motivation.

²⁶ Of course, instead of being an explicit commandment for every situation, Jesus’ sermon on loving enemies should shock people and therefore likely includes hyperbolic language in concrete examples.

Lending, and expecting nothing in return becomes a viable option (thus not even charging an interest rate) — as voluntary resource sharing under dire economic conditions in the Early Church or voluntary releasing a slave into a freeman, as suggested in the Epistle of Philemon, to provide two other examples recorded in the New Testament.

In such an ideal world, the problem of moral hazard also loses its importance. In general, the Jubilee Year and other debt releases have the obvious problem that it can be exploited by those who profit from them. If human beings are free to do good deeds, they will also not taking advantage of the generosity.

Secondly, there is a discrepancy between the difficulties to implement a system-wide monetary debt relief on the one hand and the actually provided solution to the moral debt problem on the other. **I suggest that this discrepancy has a theological meaning: It emphasizes the work that was needed to solve the moral debt problem even more.** In other words: Human beings are unable to solve “minor” problems such as a monetary debt relief. Nor will they thus be able to solve their moral debt problem by their own efforts. An external, divine solution to this problem is needed. This solution was created by the work of Jesus Christ.

III.

IMPLICATIONS FOR TODAY'S MONETARY SYSTEM

Do these conclusions for the state of humanity provide insights for the future of today's economic system? This should be the guiding question in this last part.

Today's monetary system is characterized by expansionary policy and high indebtedness. This is a system-inherent development. There are hardly any restrictions for short-term oriented politicians and they will thus often resort to expansionary monetary and fiscal policy. Such policies lead to higher debt levels, as the short-term stimulus of economic growth is based on credit. The politicians' short-term orientation therefore necessarily leads to unsustainable debt levels. Severe financial crises follow. In the aftermath of such crises, politicians will turn to further stimulus,

even though, as we can see today, such stimulus increasingly loses its effectiveness.

Policymakers hope that their measures lay the foundations for overcoming debt with higher growth. However, these hopes are unfounded. First, long-term forecasts based on supply-side factors like demographic developments and capital formation show that trend growth rates will most likely continue to decline²⁷. Credit-based growth can only for a relatively short time help to outpace these long-term trends. Second, misallocation of resources due to low interest rates likely lead to a downward pressure on these long-term growth trends, as productivity increases decline²⁸.

In other words, we are left with high debts levels and low growth. How does the Jubilee Year relate to today's problems? At first sight, it might provide a solution. But as we have seen, it was never meant to be a forced action. Besides all the practical problems related to it, forced debt relief would also morally be wrong. Is it a solution to rely on voluntary actions because the work of Jesus Christ made the way possible for mankind to be no longer "slaves of sin" and thus able and willing to good works? This is unlikely.

The debt problem of today's system is not a question of compassion. It is about anonymous, abstract, system-inherent problems, not about families, groups or other personal relationships. For debt of private households, different jurisdictions have personal bankruptcy laws that are intended to enable honest debtors a fresh start. In this respect, these laws are close to the idea of the Jubilee Year. In today's financial system, however, many mortgage debts are sold to third parties as securities in bundles. The creditors no longer have any contact with the homeowners.

In addition, a big portion of today's global debt is public debt, i.e. governments on various levels that are indebted. By regulation, this debt is to a great extent held by pension systems, life insurance companies and banks. These capital collection agencies cannot waive the repayment of public debts because they

²⁷ Cf. for example Wellershoff (2019).

²⁸ Cf. for example Borio (2018).

would harm their customers. Moreover, measures by the central banks since the Global Financial Crisis have made the states themselves to the holder of debt and private debt is often equal to credit granted by banks, on the basis of newly created money. A relief of the latter debt would lead to banking crises, which the government and central banks would try to avoid through injections of liquidity²⁹. Finally, corporate debt is based, besides on savings by other institutions or individuals, also on newly created money by business banks. The beneficiaries of debt relief would, to a large extent, be large corporations with a wide range of shareholders, a group that is unlikely to benefit from compassion. In reality, corporate debt is not repaid in times of distress because, with the exception of systemically important companies such as big banks, bankruptcies are not avoided.

In short, compassion-led debt relief is thus not applicable for today's problem. Why should one give up his wealth to save the system? There might be even a historical precedent when debt was transferred to a public creditor to avoid being accused of not being compassionate: Rabbi Hillel realized that loans were not being made because of their automatic cancellation at the Sabbatical Year. As a solution, he issued an edict of Prosbul, a Greek legal term meaning "before the assembly". It circumvented the Sabbatical Year by empowering the court, in place of the creditor, to collect debt from the real property of the debtor if the bond were delivered to it in advance of the Sabbatical Year (Milgrom, 2004, p303).

This leads to the following conclusions: Firstly, while single households, companies or countries might also today benefit from debt relief, neither a forced nor a voluntary system-wide debt relief is realistic. Secondly, if an orderly exit out of the debt situation on a system-level seems impossible, the risks of a disorderly meltdown rise with further increasing debt levels. Monetary and fiscal policy will attempt to postpone such a

²⁹ Debt relief between states have been implemented, especially towards developing countries. For example, through the Multilateral Debt Relief Initiative (MDRI) full relief from debt of the World Bank, the IMF, the African Development Fund and the Inter-American Development Bank have been provided over the past two decades.

disorderly exit as far as possible into the future, as can already be witnessed today in the midst of the coronavirus crisis. Central bankers worldwide would remain in their short-term orientation and try to do everything in order to combat even little pronounced weaknesses of economic growth. They are all the more in support mode when, as in the current situation, a huge economic crisis threatens. More extreme ideas like Helicopter Money or “Modern Monetary Theory” (MMT) are gaining ground. Policymakers will also revert to financial repression, that is, trying to push down earnings of savers below the inflation rate to reduce debt. However, keeping interest rates lower than growth and inflation is much harder today in a low growth, low inflation environment than it used to be. And without anchor, it is hard to imagine how trust in the currencies can be maintained when debt is inflated on purpose.

Finally, therefore, it seems inevitable that these measures will lead to a decline in confidence in currencies, and hyperinflation will forcefully lead to a disorderly fresh start of the system. It remains impossible to give a specific forecast of when this will happen. However, it seems clear that the events surrounding the coronavirus crisis have brought these events closer.

My reflections are thus also in line with the proposition that a monetary system which does not effectively constrain lending will perform poorly in the long term. This is paper is not about what a good monetary systems should look like³⁰. But nonetheless, the Mosaic laws regarding the Jubilee and Shemittah Year hint to another important characteristic of a well-functioning monetary system. To prevent long-term damage to the society, it proposed an effective, and quite harsh, and preemptive constraint on excessive lending. Translated into today’s world, a reasonable limit would be to finance new investments only by real savings. This would make short-term rescue operations of the economies much more difficult, but would make economic growth more sustainable in the long term.

³⁰ See Huerta de Soto (1998) for extensive coverage of the topic or Guzelian (2019) for a recent contribution why the current system including its laws can have very detrimental consequences.

IV. CONCLUSION

In this paper, I have looked at the context, the implementation and the ultimate meaning of the Mosaic laws for the Jubilee Year. The basic idea behind these laws is that indebted farmers, who had to sell their land and even enslave themselves, should have their obligations cancelled in certain recurring years. These new starts were intended to support the social and religious stability and thus the continued existence of the Jewish people. I have applied the insights of this short inspection to the current monetary system. The New Testament confirms that there is a solution to moral debt. However, as far as monetary debt is concerned, the Bible is more sceptical. The monetary debt relief on a broader scale was always meant to be idealistic rather than realistic. The discrepancy between the difficulties to implement a system-wide monetary debt relief on the one hand and the actual solution to the moral debt problem on the other has a theological meaning: to make clear the greatness of the work of Jesus Christ.

Behind the scepticism about the implementation of system-wide debt relief is the conviction that *forced* debt relief is neither practically nor morally desirable. *Voluntary* debt relief is prescribed in Christian ethics. However, voluntary debt relief is not applicable to today's anonymous situation. The problem of the current monetary system is not the lack of compassion, but its inherent tendency to accumulate higher debt leading to even more severe financial crises. But without a forced or a voluntary reset of the system, a disorderly reset of current system, following a collapse of confidence in the currencies, seems inevitable. With such a result, the long-term costs of a system based on unrestricted credit expansion become clear. It also highlights the advantage of constraints on excessive lending, as proposed by the idea of the Jubilee Year.

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