

Debt Forgiveness and Redemption

Where do the Churches now Stand?

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DEBT CANCELLATION is high on the political agenda as charities campaign for countries that borrowed from Western banks – and then discovered that they could not repay the loans. But write-offs are not a sufficient response to indebtedness, argues Dr Hudson,

who calls for reforms guided by an understanding of formative practices that reach back to the ancient Near East.

Part of the solution entails the revival of religions in a new form. Popular wisdom attributes the decline of religion to materialism. The modern attitude is that religion's proper domain is spiritual and otherworldly. But by stressing altruism, religion holds back the invisible hand of self-seeking enterprise that, as the Deist moral philosopher Adam Smith argued, guides human effort to spur prosperity.

The author stresses that early religions protected debtors. One of the great achievements of the ancient Near East was that religion sanctified debt cancellations as a legal principle rather than enforcing the payment of rural debts even when these exceeded the ability to pay.

Today's financially oriented economies undermine the ethic of mutual aid, social safety nets and policies that would alleviate the debt burden. This is the outcome of a 5,000-year process, in which the privatisation of the land, credit and industry has permitted creditors to assert their rights over the rest of society.

FOR THOUSANDS OF YEARS the major cause of poverty was losing one's land and means of self-support through debt. The corrosive effects of rural usury were condemned by all early religions.¹ This ethic sought to structure economic relations in ways that would help society grow equitably so that progress would avoid impoverishing large parts of the economy, above all by debt. But modern economies aim at quite opposite objectives from those promoted by Judaic, Christian and Islamic religion in their formative centuries. By praising the moral virtues of thrift and encouraging saving – and hence, upholding the sanctity of the debts and bonds in which most savings are invested – modern Christianity appears to have abandoned one of its most basic early positions.

To the extent that today's religions have come to support the new status quo, they reject their oldest and formerly most essential ideals. The foundation myths and surface trappings of the old religions are maintained in the form of a pageantry whose substance has become hollow, giving a false idea of continuity with the core ethic that has been abandoned.

It is not by coincidence that the word for debt in most languages originally connoted sin or, what seems to be, the original meaning, an injury to others that entailed reparation. German *Schuld* is a typical example. In northern Mesopotamia in the third millennium BC, *hubullu* originally meant injury, then debt and finally interest-bearing debt. The earliest formal debts evidently were wergild-type payments to make compensation payments to injured parties, as reflected in the literal meaning of the term "to pay," namely, to pacify. These reparation payments were not market transactions, of course, nor did they bear interest. But they did bring into being collection practices that remained in place when commercial transactions fostered the spread of interest-bearing debt.

Late Roman writers found the root meaning of *religio* to have the root *liga*, as in *ligament*, *ligature*, and most significantly *obligation*. The guiding idea is linkage, a tie or bond. Wilhelm Eilers links the idea to Latin *lex*, "law" via *ligare*, to connect and hence to *legislate*, while Pokorny associates *lex* with "collection," specifically a collection of juridical instructions. The Church Father Lactantius found the idea of obligation to be epitomised by the bond of piety. The philologist Emile Benveniste, however, finds the etymological source of the term *religio* to be Greek *lite*, *lissomai*, meaning "prayer, to pray, 'whence Latin *litare*, "to obtain a favourable omen," "to appease the divinity".²

Even if the etymological basis of "religion" is to be found in ritualistic practices, the objective was to play a socially integrating role, above all in facilitating economic transactions. Trade and exchange had to be reinforced by notions that today are called magical, and long required the

supervision and sponsorship of temples to become established as a regular part of civil life by being ritually sanctified in order to establish the necessary context of trust – and enforceability – among diverse parties. As Norman Brown explains this worldly dimension of ritual: “Magic is needed to overcome the distrust of the stranger and break down the taboos on social intercourse.”³

Contracts were sealed by oath taking and associated rituals, as were legal disputes. The word for debt in Babylonia’s Akkadian language was *u’iltu*, “tie” or “bond,” which probably had an originally ritualistic connotation. Nearly all early economic arrangements took the form of debt contracts, which provided familiar legal formulae to scribes. The word *u’iltu* “is derived from *e’elu* ‘to bind (legally)’ and can be rendered as ‘binding obligation,’” Cornelia Wunsch points out. “[The] *u’iltu* formulae can be used flexibly, being readily adaptable to various circumstances. In fact, this abstract quality gives them so much flexibility that it is difficult to determine what actually is going on unless additional records are preserved to elucidate the transaction’s context. ... An *u’iltu* may result from (1) A loan of money or in kind by the creditor to the debtor, for whatever reason and whatever purpose; (2) Credit to the debtor in terms of a business venture; (3) Purchase of assets such as real estate, slaves or prebends by the debtor, with deferred payment; (4) Purchase of commodities with advance or delay in payment; (5) Exchange of commodities with delay in delivery; (6) Purchase of objects by the creditor with the object to be manufactured by the debtor (work contract); (7) Lending of objects to the debtor; (8) Deposit of money; (9) Unpaid accrual of house rent; (10) Rent of fields or gardens; (11) Delay in transfer of dowry items; (12) Refiling and updating of debt records; (13) Balance owed as a result of settling business accounts/business liquidation.”⁴

The glue that bound society’s members together consisted of these varied debt relationships as the specialisation of labour grew more articulated. Production cycles of differing lengths and seasonal trade patterns required credit, a word that derives from *credo*, “I believe [that I will be repaid].” It was necessary to create a context of faith – and what is religion, if not faith? From time immemorial religion had provided the sanctification of trust that formed the basis for credit, and a natural extension of religious functions was to mediate the terms on which payment could be enforced. As the classical historian Ulrich von Wilamowitz observed a century ago: “Not good or bad, but injurious or useful are the differences” emphasised by early Greek religion.⁵ Georges Dumezil, for instance, cites Antoine Meillet’s view “that the word *fides* (root **bheidh-*; Greek *pheido*, [Latin *fidelity*, English *faith*]) serves as a verbal substantive to *credo*.”⁶ This bridged the realms of religion and law in an epoch when the law needed to be sanctified in order to bind society

to its moral standards, making a breach of the law a violation of the community's religious values.

Thus, at the outset of civilisation, religion played a critical role by catalysing nearly every economic practice that characterises markets. The guiding idea was to keep economies in good working order rather than to let individuals take undue amounts for themselves in ways that deprived others of their livelihood. Handling debt – above all coping with the dynamics of interest-bearing debt – became one of the most important themes in shaping society's economic order. Rulers supported the weak and poor who were most prone to being wiped out by debt. This entailed suspending the bonds of credit that originally had signified the binding force of trust and reliability – the belief that under normal circumstances whoever was owed a valid debt would be paid.

However, by the end of antiquity the Roman *nexum* – tie or bond – took on the connotation of outright bondage. Historians writing in the imperial epoch assumed that Roman creditors had put their debtors in shackles from the outset. The debt bonds came to be turned against large portions of society, becoming so corrosive as to end up plunging the Roman Empire into a Dark Age.

CIVILISATION'S economic institutions are the product of **Religion & economic rule-giving** religious organisation at their inception. Society's surplus was mediated by the temples and palaces rather than by individuals acting on their own, except as they did so through the temple or royal bureaucracies. Temples were the first corporate bodies, in an epoch when religion was coterminous with economic and civil law. In fact, during Mesopotamia's Bronze Age (the third and second millennia BC) the economic role of temples overshadowed their spiritual role. Most officials in the temple hierarchy – the word itself means literally "sacred," from Greek *hierō* – were administrators charged with organising, producing, collecting and merchandising the surplus products of their communities, consigning them to traders and overseeing their exchange at regulated prices. To achieve these objectives the temples were led to pioneer the standardisation of nearly all the practices and formalities that have come to mark modern market economies.

When a broad range of geographically widespread early societies are found relying on temple institutions to play the initial role in organising markets and administering weights, measures and prices, account-keeping, the enforcement of contracts and the development of long-distance trade with payment stretched out over time, we must ask whether the subsequent privatisation of this regulatory role has been an altogether positive step. Has society lost anything by turning its planning over to the world's bankers and other large financial institutions?

In an epoch when communities could not afford attrition in the form of a flight of debtors or others deprived of their land and liberty, the designated task of early temples was to promote economic balance by helping society's subsistence-based families keep their heads above water. Temple welfare functions included supporting the blind and crippled, the elderly and infirm, the war orphans and widows who could not make a go of things on the land. Unfortunate individuals who lost their husbands or fathers in war or to disease, and whose more distant relatives lacked the resources to take them in, became wards of the temples. Children and their mothers typically were put to work weaving garments, rugs and other prestige textiles. These were then consigned to merchants for sale abroad to obtain the metal, stone and other raw materials that were absent in southern Mesopotamia river-deposited soils. These workshops found a role for everyone, thereby combining social welfare with what recently has been called "workfare." The blind were trained as musicians, while cripples were given jobs that did not involve hard outdoor work.

Long-distance trade was organised through the temples, which outfitted merchants and consigned textiles and other handicrafts from their workshops. As sponsors of this commerce the temples naturally served as arbitrators of economic disputes, as well as developing the basic rules for trade. These rules included the preconditions for bulk exchange: uniform weights and measures, contractual formalities, and also testimony in the form of oaths in cases where the merchant lost his cargo at sea or whose overland caravan was robbed. In an epoch of administered prices and centralised redistribution, it was natural for standardised measures and weights – including those for the monetary commodities barley and silver – to be developed within these public institutions and then adopted by their societies at large.

Part of the establishment of such order involved oversight of the debts owed by merchants to the temples (and to individuals as well), as well as crop-rental obligations on lands leased for officials to subleasing to sharecroppers for a stipulated proportion of the estimated yield. Early rulers strove to prevent wealthy creditors from becoming rivals to the palace by getting local cultivators and members of the armed forces into their debt and appropriating their lands. The royal interest thus was consistent with the religious ethic of subordinating the growth of debt to the objective of maintaining economic balance. The strains of debt would be prevented from tearing society apart. Not until classical antiquity would creditor claims take on a life of their own in ways that turned against the interests of society at large. From this perspective, looking backward, one of the great achievements of the ancient Near East was that religion sanctified debt cancellations as a legal principle rather than

enforcing the payment of rural debts even when these exceeded the ability to pay on a widespread scale.

It was fairly easy for early Mesopotamian rulers to issue Clean Slate proclamations when most debts were owed to the temples and palaces themselves. For more than a thousand years religious wisdom literature and popular proverbs denounced usurers as violators of the basic ethic that put social survival paramount over individual interests. By the collapse of antiquity opposition arose to the charging of interest itself, seeing it to be the great lever of social polarisation.

What destroyed economic balance was the shift of creditor relations into private hands. So far-reaching were the effects of this change that the character of religion was altered to accommodate itself to the new, increasingly oligarchic state of affairs. Instead of supporting the idea of annulling debts that could not be paid, religious and civic rulers sought to enforce the debt bond without regard for the consequent polarisation between creditors and debtors and the widespread forfeiture of land and personal liberty.

WHEN MODERN economies resort to inflating their way out of debt as an alternative to seeing debtors forfeit their homes and other assets, financial institutions feign a concern for the welfare of widows and orphans (and more recently, retired pensioners). Financiers claim that rising prices eat into the purchasing power of the savings of people living on bonds, annuities or other fixed-income securities.

**From social
wards to
financial
tycoons**

There was a time when widows and orphans did not have trust funds, but were the poorest members of society. The rulers of Babylonia, the kings of classical antiquity and subsequent religions were charged with the duty of protecting them. These widows and orphans were cited in the royal inscriptions and subsequent religious ethics through the ages as proxies for the weak and poor who needed protection from the strong and wealthy. This ethic long remained the core of the major Western religions, reflecting society's obligation to protect its members suffering from the misfortune of losing their household heads through warfare, disease or infirmity. But almost without anyone noticing, today's financial ethic aims at aiding the widows and heirs of well-to-do *rentiers*, by imposing deflation on the indebted classes and shifting the tax burden onto them.

This ironic inversion invites a re-examination of how the modern era's overt religious support for the wealthy vested interests has inverted the original religious spirit. The widespread popular condemnation of usurers was reflected in the justice goddesses such as the Greek Nemesis, whose task was to punish individuals who pursued wealth in ways that injured other families. In antiquity the greatest danger faced by most people was

that of powerful creditors foreclosing on the lands of their debtors and reducing their communities' families and them to bondage. Wealth-seeking in this manner was denounced as a compulsive addition that violated acceptable social norms.

Economic renewal and debt freedom SINCE ITS Mesopotamian origins Western civilisation has developed four major religions. I cite Mesopotamia rather than Egypt because it was out of the Sumerian synthesis that Babylonian religion of the second millennium BC emerged, including the royal edicts that annulled debts, returned to their families of origin the bondservants who were pledged to creditors, and restored ownership of the crops and land that had been forfeited to creditors or sold under economic duress. These Babylonian Clean Slate proclamations would afford a model for the Jewish religion, which placed them at the centre of religious law in Leviticus 25. Out of Judaism emerged early Christianity, and out of these two religions developed Islam. All three placed at their core a set of guiding principles for social and economic planning that can be traced back to Sumer and Babylonia.

The region's Bronze Age religion has been described as astral in character. It was celestial mainly in the sense of finding in the cyclical movements of the moon and sun a periodicity that formed a basis for creating regularity in society's economic rhythms. The calendar was ancient society's order-giving principle, an archaic version of natural law that enabled the administrative order to be designed in a way that reflected a cosmological symmetry based on the rhythms of the heavens.

The city-temple was the paradigmatic corporate body devoted to economic activity and accumulation, serving as the major vehicles for communities to accumulate and distribute their surplus. It predates the palace, which emerged from temple precincts in Sumer around 2750 BC and adopted the temple's administrative and organisational practices. To schedule the flow of resources, headed by the distribution of food and raw materials to their dependent labour force on a regular basis, administrators needed to create a system of interlocking weights and measures based on the calendar. To achieve this the measurement of time had to be regularised. This was achieved by replacing the lunar month of variable length (between 27 and 30 days) with a synthetic 30-day month and a 360-day year.

Standardising the administrative month enabled measures and weights to be made uniform, based on fractional division into 60ths so that standardised ration units could be distributed and consumed periodically, e.g. at the rate of two "servings" per day during each month. These measures and weights provided a standardised monetary basis for

account-keeping, payments, and bulk prices for the network of obligations that were evolving.

The periodicity of time found its analogue in periodic renewal of social relationships. Throughout the world the New Year has long been an occasion for settling accounts and putting one's house in order, literally by sweeping and cleaning it as well as figuratively by putting economic affairs in balance. For rulers, their accession to the throne provided an opportunity to create what today would be called a political honeymoon by proclaiming a general restoration of economic and social order. These royal proclamations included an amnesty for exiles so as to permit their return and thereby restore the community's full strength.

Wergild-type offenders typically took refuge in areas of refuge such as temples. Rome is reported to have been founded as such a spot, and the Pentateuch/Torah details arrangements to establish cities of refuge. In Mesopotamia the response to indebtedness often was a flight from the land. No doubt it was partly to stem this exodus that royal amnesties were extended to agrarian debtors and restored them to their lands.

When rulers of Hammurapi's dynasty and many of their contemporaries pledged themselves to honour the sun god's principles of equity and justice by annulling rural debts, they did so not out of an otherworldly sense but for pragmatic reasons. To survive, communities had to keep their members above the break-even mark. The motivation for such mutual aid was not simply altruism (although generosity is a characteristic nurtured in low-surplus communities throughout history), but the desire to survive by maintaining a land-tenured fighting force. So important were these Clean Slate decrees that by Babylonian times (2000-1600 BC) they became synonymous with the term "to proclaim an edict." The term does not imply that rulers themselves were sacred, but that they pledged themselves to follow the dictates sponsored by their local city-god. Hammurapi, for instance, is depicted c. 1750 BC as either receiving his laws from the sun god Shamash or showing them to him for his approval.

What these edicts shared with subsequent classical religions was the idea of restoring economic order, which was identified with an idealised *status quo ante*, the balanced state of affairs that was held to characterise society "in the beginning". The Clean Slates proclaimed in the Sumerian port city of Lagash c. 2400 BC used the term *amargi*, literally "return to the origin," an idealised initial state of economic and social balance – society as it was supposed to be.

From c. 2000-1600 BC the Babylonian terms *misharum* and *andurarum* were used, connoting economic justice. Equity was re-established by putting citizens on an equal footing in the sense of guaranteeing each family its own self-support lands and liberty from debt

bondage. In Babylonia c. 1650 BC, a century after Hammurapi, his descendant Ammisaduqa followed tradition by issuing the most detailed Clean Slate edict on record. It sought to close many of the subterfuges that royal collectors and other creditors had used in an attempt to evade the intentions of earlier proclamations. One technique was to force debtors to sign a promise to pay their debts even when the ruler declared them void. Ammisaduqa declared such tricks and legal loopholes illegal, and he went so far as to prescribe the death penalty for creditors trying to hold debtors to such waivers. Contemporary records do not show so drastic a penalty ever being enforced, but the edict shows how seriously the principle of economic renewal from debt bondage was held as a basic means of preserving Babylonia's self-supporting citizenry.

What was happening was that the bonds of debt that originally tied communities together ended up driving them apart. Part of the reason has to do with the charging of interest, which magnified the debt principal over time and made impoverished debtors even more desperate. Socially, the character of rulership changed toward a more secular and privatised orientation under the oligarchic regimes that emerged in classical antiquity. Under the new conditions religious and royal attitudes – which traditionally had gone together – dropped their admonitions to proclaim Clean Slates.

Jubilee in AS KINGS became representatives of their local oligarchies, and hence no longer “divine” in the customary Mesopotamian tradition, **Mosaic law** Jewish religion took the tradition of debt cancellation out of their hands and placed it at the centre of its sacred commandments as part of Mosaic law. The Jubilee Year – *deror* – promised that the means of self-support would be restored to rural debtors who had lost their lands and their personal liberty. The term *andurarum* provided the root for Hebrew *deror*, used in Lev. 25 to describe the Jubilee Year. Nehemiah describes the debt cancellation he proclaimed when he was sent by the Persian emperor to lead a resettlement of Jews from Babylonia. He did not use the word *deror*, but it is found in the prophet Isaiah, in the passage to which Jesus referred in the first sermon he preached upon entering the Galilee synagogue to announce his ministry (Luke 4:14ff.). Unrolling the scroll of Isaiah, he read that the Lord “has sent me to proclaim freedom (*deror*) for the prisoners and ... to release the oppressed, to proclaim the year of the Lord's favour”.

One would think that this passage would be the starting point for modern interpretations of Christianity as it marks the beginning of Jesus's mission. But the modern RSV translation of *deror* as “freedom” does not reflect the specific character of the policy Jesus was announcing. The word was long misunderstood, and typically has been translated as

"liberty" with a vague connotation. In fact, modern schools of assyriology translate the word for *andurarum* and other Sumerian and Babylonian Clean Slate words differently into each language. Americans such as Samuel Kramer have interpreted such proclamations as tax reductions. The French assyriologist Dominique Charpin comes closest by rendering them as "restorations of order," and specifically an idealised *status quo ante*, in which society's debt relations and other economic affairs were held to be in balance.

This Near Eastern background is important because it was the matrix out of which Western religions emerged. The Clean Slates that rulers proclaimed for thousands of years cast light not only on early Judaism but also on the Christianity that emerged out of it. The Dead Sea scrolls include compilations of all the Biblical allusions of debt annulment and denunciations of usury, showing the role played by such policies in the centre of Jewish and post-Jewish religion as classical antiquity was plunged into debt.

RABBI HILLEL is revered today as one of the great theologians who modernised Judaism. At the outset of the modern era he supported a circumvention of the Jubilee Year by the stratagem that Ammisadaqa had outlawed 1,600 years earlier. In an attempt to spur lending to the poor in times of need, his *prosbol* clause permitted creditors to extract from their debtors a waiver of their rights to have their debts annulled in the Jubilee Year. This meant that a debt was a debt irreversibly – just the opposite of the biblical law Jesus had sought to proclaim.

The secular shift in attitudes

Times had changed since the Old Babylonian epoch. Most agrarian debts had not resulted from money being advanced but by sharecropping rental payments mounting up after bad harvests or other arrears accruing to palace collectors. As property and enterprise passed into private hands, money-lending played a growing role. Under a pretended compassion for debtors desperately in need of funds, Hillel's rule pushed the balance of power heavily in favour of creditors. In Rome, his contemporary Cicero pled for creditor rights as the oligarchy achieved a one-sided victory in the Social War of the 2nd and 1st centuries BC, and proceeded to plunge the Roman Empire into a bankruptcy that culminated in a long Dark Age.

This was the context in which Christianity sought to break the bonds of worldly suffering in a more spiritual than worldly way. Unable to liberate populations physically from debt bondage, the early Church sublimated the idea of liberation to the hither plane of freeing the soul psychologically from the avaricious material world. Broadening the idea of debt forgiveness to a generalised open-hearted compassion, the New Testament focused on the liberation of personal character.

As imperial Roman society was polarised by creditors expropriating debtors from their lands and reducing them to bondage, however, religion found itself with a declining role to play in economic policy-making. For thousands of years this worldly role had formed its core as religious values provided a cultural force to check the dynamics of debt and land hoarding, along with mercantile dishonesty and other destructive social behaviour. To achieve this objective and subordinate the seemingly insatiable drives for wealth accumulation, religion had sanctified a code of moral pressure backed by public authority. But as creditor oligarchies took control of public affairs, the traditional moral values of mutual aid and economic symmetry that had formed the protective dynamics of early religion broke down. The absentee ownership and usury associated with imperial conquest concentrated wealth in the hands of an alien class and a domestic client oligarchy. These newly vested interests replaced traditional religion with doctrines that were less threatening to their power.

Reform of rural usury, land forfeitures and debt bondage became politically impossible after Rome's Social War, which lasted from the attempted land reform and murder of Tiberius Gracchus in 133 BC to the crowning of Augustus in 27 BC. Gaining control by political assassination and force, the oligarchy adopted a sanctimonious private morality. Among its most eloquent philosophers was the wealthy creditor Seneca.

Under these conditions religion was deprived of its social role. Debts no longer could be cancelled, and limits to the accumulation of property by absentee owners were loosened. The only way left to protect the poor was the Stoic idea of charity. Accepting the existing order as a fact of life, it calls on individuals to do what they can on a personal level, but does not address the problem of how to reform inequitable social structures. In this respect the primary reliance on charity reflects a society that has polarised beyond the hope of widespread redemption. Once this point has been reached, religion finds its worldly role foreclosed, no longer able to promote equity by checking the proliferation of debt.

In adopting the Stoic ethic of charity, Christianity implicitly acknowledged that it had lost its power to restore liberty from debt bondage on more than a personal, individual scale. The End Days had arrived. The idea of a Clean Slate restoring society-wide economic equity was deferred until the Day of Judgment, no longer being deemed a normal historical act of worldly rulership.

This is not to denigrate Christianity for doing what little could be done. The preferred act of compassion for those who could afford it was to buy the liberty of indebted Christians. It was in this tradition that Handel wrote *The Messiah*, honouring the Redeemer's spirit by using the proceeds to redeem Irishmen from the debtors' prison. But the only formal fiduciary responsibility remaining today is the obligation of modern money

managers to maximise their clients' financial claims on society's tangible wealth and income.

The meaning of redemption had become more personal, and associated with the giver, not the debtor. The original meaning had connoted liberation from debt. "In the beginning" it was debtors pledged to their creditors that were redeemed by royal Clean Slates, and then society as a whole by royal proclamation. Only when widespread liberty no longer could be restored was the idea of redemption shifted to the individualistic plane. This was the situation in which private religion replaced the older, socially oriented religion whose ethic was being marginalised by the aggressive financial powers that religion long had sought to hold in check.

THE CLOSEST approximation to the Clean Slates of old were the tax amnesties of Roman and later Byzantine emperors. These acts recognised that inasmuch as the Empire's population had been reduced to bare subsistence levels, there were no harvests to be sold to pay creditors. Rural debts owed to private individuals were not annulled, but usury itself was outlawed. The Council of Nicea banned the practice by members of the priesthood in AD 325, and a century later, in 425, charging interest was banned for the lay population. What dried up usury was not so much the force of religious sanctions, however, but the fact that economic life had become demonetised. Under the emerging serfdom few persons had anything left to pledge.

**Loopholes
permitting
'interest'**

Islamic religion likewise forbade usury. The Koran limited credit to equity shares that bound debtor and creditor together in what were in principle joint ventures whose profits were shared. The investor's return found a counterpart in the debtor's ability to pay. But as had occurred in Judaism and Christianity, vested interests pushed for the creation of loopholes similar to that which Hillel had promoted within Judaism and the Schoolmen within Christianity, by creating the idea of *interesse* as an exception to classical usury.

The revival of credit was sanctioned by a shift in Church teaching, whose rationale for charging interest on commercial loans opened the door for interest-bearing debts across the board. From the ancient Near East it was recognised that commercial advances provided merchants with assets on which they were expected to make a profit. These "silver" obligations differed from "barley" debts by including protective clauses between creditor and debtor, and hence did not put at risk the basic self-support resources of merchants. If the cargo were lost at sea or if overland caravans were robbed, the mercantile debtor was not liable. In this respect the creditor shared in the commercial risks of the enterprise being financed. For this reason commercial debts were permanently binding under the Bronze Age arrangements. Clean Slates applied only to rural

usury owed by cultivators or other individuals in danger of losing their means of livelihood and personal liberty.

Medieval teaching knew little of the traditional Near Eastern distinction between what today would be called productive and unproductive loans. Seeing a need for commercial credit, above all in foreign trade, scholastic writers created a rationale depicting "interest" as the creditor's cost of doing business, including the risk element inherent in transferring funds internationally, and a fair share of the gains their credit made possible. Lost from sight was antiquity's all-important concern with the ability of debtors to pay.

Changing the content of religion MUCH OF THE REASON why religion has abandoned the temporal world for the spiritual is to be found in the Reformation. Reading the history of England's relations with Rome as told by such chroniclers as Matthew Paris, one can well understand why

kingdoms wished Church to become less worldly. Rome was draining Europe of tribute through the notorious Peter's Pence and other forced payments, along with the usurious practices of Italian banking families. The papacy itself passed into the hands of leading banking families by the High Renaissance. Martin Luther sought to limit the papacy's all-too-worldly ambitions, along with such corrupt practices as the sale of indulgences, by demanding that Rome confine itself to concerns with the spiritual world. Accusing the princes of Rome of representing their own interests rather than promoting a spiritual faith, Luther and his contemporary reformers retrojected this idea back to the origins of Christianity and to the spirit of religion itself at its genesis.

Protestantism was as much (if not more) favourably inclined toward creditor interests as was Roman Catholicism. The Swiss theologian John Calvin helped shift the Christian ethic to a more private morality concerned with the behaviour of individuals. As religion became privatised the Church's view of its economic role stripped away what was most social, above all with regard to debt and personal wealth accumulation. The Lord's Prayer, for instance, had enjoined Christians to "forgive us our debts, as we forgive our debtors," but the meaning in English replaced the word "debt" with "sin" or "trespass." The new focal point seemed more preoccupied with personal behaviour than with economic behaviour on the broad social level.

Gradually, the content of religion was altered so as to strip away its former concerns with creditor/debtor relations, even from the Ten Commandments themselves. Immediately preceding the Covenant Code (Exod. 20, repeated in Deut. 5), they bear on the debt issue in ways not immediately apparent to modern eyes. The First Commandment insists on adherence to the law, warning Yahweh's followers to shun other gods, *e.g.*,

those whom the prophets denounced as supporting oligarchies. Dictating his laws to Moses, Yahweh exhorts his followers to remember that "I am a jealous god," and directs the Jews not to worship idols by making images or physical representations of any gods. This Second Commandment serves to bind the exhortations to come.

The Third Commandment forbids Yahweh's followers to misuse his name. This blocked creditors from forcing debtors to waive their sacred rights by forcing them to swear not to avail themselves of the laws protecting their welfare. (So much for Hillel's *prosbol* stratagem!) Related to this is the Ninth Commandment, which prohibited Israelites from testifying falsely against one another in lawsuits. The major such suits since ancient times involved debts in one way or another, for what are most law suits after all if not arguments over one party's obligations – debts – to an aggrieved party?

Framing the laws of Deuteronomy, the Exodus story has the Lord repeatedly remind the Israelites of their own origin in slavery by the refrain, "Remember, thou wast a bondsman in the land of Egypt". The Fourth Commandment enjoins Israelites from working on the Sabbath day, the principle that Deuteronomy extends to the Sabbatical Year of Release. Somehow this core gets lost in Hollywood versions of the Bible.

The Tenth Commandment prohibits Israelites from coveting the members of other households. Today this is viewed in almost exclusively a sexual sense, but its original objective was to preclude the seizure of servants or family members pledged for debt. The objective was to block creditors from breaking up families, but this sense has been lost as "Hollywood Christianity" has shaped popular understanding of the Ten Commandments.

The Eighth Commandment ("Thou shalt not steal") often is read as if it refers to pickpockets and burglars. But historically it was long perceived to ban creditors from taking what the poor needed for their self-support. To foreclose on land and not ultimately to return it to the defaulting debtor was held to constitute theft.

This attitude survived into the Christian theology adopted by Luther. Condemning usury as a form of theft, his 1516 sermon on the Eighth Commandment warned that it destroys cities much as a worm destroys an apple from within its core. Elsewhere, Luther described interest-bearing debt as the beast Cacus, signifying the monstrous growth of compound interest. One misses such rhetoric in today's denunciations of IMF lending. Ironically, this passage has been stripped out of the translation of Luther's works into English; one can find it today only in Marx's *Capital*.

Calvin followed suit a generation later. His commentary on Ezekiel, written in the final year of his life (published in 1565), defined usury and mercantile fraud as forms of theft, accusing wealthy lenders of being as

guilty as highwaymen and robbers in breaking the Eighth Commandment. In this respect Adam Smith's Invisible Hand became the prototypical secular form of theft. Evidently more than one type of religious economic ethic is at work when we juxtapose early Judaism and Christianity with the faith in individualistic wealth-seeking drives that inspired Smith's Enlightenment Deism.

The idea that charging interest is a form of theft is found in Ezekiel 18, where the prophet describes the Lord's command not to lend at interest, warning that whoever charges interest and commits robbery will not live. The Revised Standard Version of the Bible translates this sanction anachronistically as referring to "excessive" interest, that is, to usury over and above the legal rate approved by civil authorities. This perverts the text's meaning, for neither Hebrew, Greek or Latin had separate words to distinguish between interest and usury. That contrast is the product of medieval Canon Law carving out a form of financial gain on mercantile investments (*interesse*) that Christians legitimately could charge. The legal rate was raised steadily to a point where, by 1980, the official rate for prime corporate borrowers stood at 20%. This was the highest normal rate since ancient Babylonian times, and it made the financial sector powerful enough to help finance the election of politicians who quickly proceeded to wipe the remaining American usury laws off the books.

**The social
atheism of
religion** ANTHROPOLOGISTS have described how culture in low-surplus economies shapes people's personalities so as to steer them away from narcissistic selfishness and subordinate their drives to that of preserving social harmony. Social status is based on what one gives away to others, not what one is able to take from them. The classical expression is found in Aristotelian drama, whose essence was hubris and its punishment. Hubris was not merely arrogance as the term has come to mean today, but something more specific. To the Greeks it connoted economic arrogance expressed in ways that injured others. From Greek drama to the Old Testament stories, proverbs and the Book of Job, the condemnation of hubris formed the essence of religion. The great Greek dramas were about how hubris led egoistic men to destroy themselves and, if they were powerful enough, the societies around them. The paradigmatic form of socially destructive hubris was usury.

This is not the ethic or major concern reflected in today's social sciences and the educational system. Hand in hand with 19th century individualism, the romantic Enlightenment increasingly glorified the individual free of social checks of the sort which societies traditionally had sought to impose through religion, culture and education. Art, once simultaneously cosmological and social at its best, now takes the form of celebrity trophies placed in prestigious museums by accumulators of

financial fortunes who present themselves as philanthropists, obtaining tax breaks that make their gifts a paying proposition. Positions on the boards of directors of symphony orchestras, theatres and other cultural institutions confer status on individuals who contribute small portions of their financial gains to obtain such protective social coloration.

The main forces for reform over the past few centuries have come not from within religion but from secular economics. Some of the great 19th century reformers still cast their ideals in terms of religion, headed by St. Simonian socialism in France, which focused on modernising the credit system and reshaping it to serve society's material improvement. His ideas inspired utopian communities such as those created in America by his follower Charles Fourier. In a note to Volume III of *Capital*, Frederick Engels wrote that Marx found his inspiration for financial theorising in the work of St. Simon. Karl Kautsky wrote a history of Christianity depicting Jesus as a labour reformer, and subsequent writers portrayed him as a revolutionary fighting against Rome and its co-option of local oligarchies. But organised religion went so far as to denounce the ideas of Marx, Henry George and other economic reformers as atheistic.

Most Protestant economic doctrine took the form of the moral philosophy course taught in the final term in the American and European colleges, the most prestigious of which originally were founded mainly to train the clergy. As moral philosophy evolved into political economy, its ostensible objective seemed to retain that of classical religion: to promote equity, to which was added the new goal of efficiency. However, Smith's liberal ideas diverged from the older theocratic views in his belief that the Lord's ongoing presence and oversight was unnecessary, as He had set up the world in such a way that individuals promoted social advance by seeking their own self-interest, not by acting altruistically.

This counter-intuitive idea had been expressed earlier in Bernard de Mandeville's *Fable of the Bees*. It praised the personality attribute that the major religions had sought to suppress in order to prevent it from disturbing social harmony. Turning traditional social and religious values on their head, economic liberalism dropped the role that Nemesis and other avenging justice goddesses had played, and disabled the state's legal ability to constrain market abuses and free lunches achieved at the expense of society at large. Free play was given to the unrestricted dynamics of financial debt-capital and its allied *rentier* interests.

The new economic ideology undercut the foundations of religion's traditional social and economic sanctions. Divine commands hitherto had called for a higher political authority to act from above the "market system" to promote equity and restore order. But the new ethic hollowed out the Judeo-Christian tradition, as well as that of Islam. The economic core of Biblical myth and ritual was forgotten as it challenged the financial

interests that managed to obtain a dominant influence over the particular way in which modern economic life was being secularised. The idea of secular progress replaced the recognition of a need for periodic renewal to restore balance between society's debt overhead and the ability to pay. The essence of such progress was the irreversibility of wealth passing out of the hands of the community and into those of foreclosing creditors and land appropriators.

Nowhere is the condition into which modern religions have fallen more clear than in their changing attitudes toward usury. What has been stripped away is not just the abstract philosophical idea of God, but the idea of a social order regulated to promote justice. Although the financial class acts more like predators than shepherds, it has been able to force governments to relinquish their own planning functions based on the ethic of economic equity, and even to sell off the public domain to buyers on credit. Over the past century, especially since the forced privatisations of the 1980s and '90s, the corrosive acid of today's financially value-free individualism has severed most organs for public services and planning from public control. The process and its consequences have transformed the law as well as religion, education and culture, whose proper collective task historically has been to promote a broad long-term policy perspective.

No wonder it seems as if the End Time must be at hand. The expansion of financial wealth has achieved power over society's planning functions. Every economy is planned in one way or another. If governments relinquish this role, it is taken over by bankers and other large investors. Their lack of concern for society's well-being is reflected in the corporate raiding and search for debt-financed capital gains that has loaded down industry, real estate, government and consumers with debt service, deranging the balance between the debt overhead and the ability to pay.

As the public sector's law-making constraints on such behaviour have been eroded, a vulgarised religion has emerged to go hand in hand with a junk economics, both being financed by the think tanks that are replacing churches and universities as society's organs of ideological indoctrination. What is left is a travesty of Adam Smith, and a Cecil B. DeMille version of religion composed of myths whose rituals have become empty. Most churches have come down against social reform, finding their ally in a papacy that has opposed Liberation Theology's attempt to restore concerns with land tenure and finance to the religious agenda. American religion in particular has become a right-wing phenomenon that supports the financial interests against labour and government, as wealth is supported against labour, and absentee landowners against smallholders.

Discovery of the predecessors of Judaism and Christianity has shown that the idea of redemption was meant literally, not metaphorically. The idea was to redeem one's fellow citizens and co-religionists from bondage.

Scholars in the modern Church bureaucracies did not welcome this discovery, and did not follow up its implications, nor did economic historians for that matter. The economic history of Bronze Age Mesopotamia – the origins of modern commercial and financial practices – appeared as an out-of-place anomaly to the emerging free-enterprise individualism preached by the Enlightenment.

As matters turned out, the task of investigating civilisation's early economic history was left to the assyriologists who translated thousands of cuneiform economic, social and religious documents. The Sumerian and Babylonian edicts and ritual objects that explained the genesis of the Jubilee Year showed the extent to which early religions laid down rules to save society from succumbing to economic and military collapse. In an epoch of almost constant internecine warfare among city-states, rural usury and widespread land foreclosures threatened to disenfranchise the citizen-infantry. Failure to proclaim Clean Slates under such conditions would have led in short order to chaos and defeat by one's neighbours or more distant enemies. Survival depended on preserving a solvent and self-supporting citizenry of cultivators secure on their land.

The collapse of antiquity at the hands of Rome's imperial oligarchy took what began as social bonds of credit that tied society together and replaced them with the shackles. The bondage of narrow property-based creditor-oriented laws of possession became the defining symbol of rural usury, and this Roman legal philosophy remains fatally embedded in modern societies.

Related to this phenomenon, the financial corrosion of Western civilisation has been strengthened as each new religious movement has failed to reverse its advance. Religion, culture and the legal framework bequeathed by early civilisation itself has been co-opted to support the modern inversion of traditional values.

THE MOST SUCCESSFUL religious movements have been worldly. As one historian has remarked: "Why should one bother about the gods, after all, if they have little effect for better or worse? The religious spirit does not consist just of poetry and philosophy, but arises out of the hard problems of life's daily struggle."⁷ This task historically involved coping with the widespread loss of property. Discussions about the future of religion therefore might well start by asking what it has lost as a result of having dropped its early impetus for debt reform.

**A religion
of the
future?**

A case could be made that one reason for religion's loss of worldly relevance has been that most churches have followed economic orthodoxy. They accept – and endorse as natural, and even as a precondition for "stability" – a status quo that impoverishes society. They

condone the transfer of income and wealth to creditors who divert it away from applications that consolidate prosperity.

One can understand religion's concern to ameliorate the condition the poor. But charity addresses only the symptoms of poverty, not its causes. Forming part of the individualism of our times, it is a marginal palliative that accepts society's structures as they are rather than setting out to reform them. Local strategies tend merely to be escapist. To transform the debt and credit system so that it may serve rather than injure society, it is necessary to change the social system across the board, for the vested financial interests have grown so strong that no new economic system can be created without shifting finance to the public sphere. *That is why truly social religion is now implicitly revolutionary.*

This may seem ironic inasmuch as religion began by putting society's ligaments in place and enforcing popular obedience. It was conservative, but of course what it originally sought to conserve was balanced and equitable growth, not debt claims mounting up without limit. The biblical prophets arose to drive this point home.

Today's economies are trying in vain to preserve what cannot be rescued. Even as they turn to the law for support, and to the religious values underlying it, the poverty caused by this futile policy is pushing economies into what many people feel must be the Last Days of the old system.

Despite the secular spirit of our times, many people believe themselves to be religious; but they are confused, which is not surprising since the traditional religious spirit has been turned inside out. Society thus may be in the antecedent period of a religious response to financial problems similar to those that the major religions have addressed through the ages.

Clean Slates and market imbalances TO PLAY a positive role in today's financially disordered times, religion must challenge the vested financial interests that oppose labour and governments alike. Today's monetarist proselytising uses a mathematics that implies that imbalances create self-curing responses that return the economy to an equitable state of equilibrium. When property today passes into the hands of creditors, it is held to reflect an Invisible Hand process of efficiency and progress, rather than corrosive economic polarisation. Such mathematics ignore the growth of debt at exponential rates in excess of the economy's ability to generate a surplus. As a rising portion of the economic surplus is shifted from labour and industry to the financial sector, the debt overhead is increased all the more rapidly. Yet religion has come to reject the idea of subordinating debt and property relations to a broad system of social equity and justice. The upshot has been to make religion – followed by academic economics – socially quiescent.

All religions have shared the common denominator of economic justice. When they deteriorate to the point of acquiescing in economic polarisation, new movements arise to restore the spirit of social justice in a freshly revived form. The path of least resistance often is to create new institutions rather than to rectify deteriorated bureaucracies. Modern reform movements have received so little support from the churches that most have taken a secular strategy.

To be sure, the political economy of the 19th century provided the potential seeds for a new religious reform movement. In France the St. Simonian socialists inspired the secular religions of Charles Fourier and Auguste Comte. From Germany and England came Marxism, an ideology with its own Day of Judgment at the end of history. But mainstream economics fell under the domination of financial backers and landed interests that denied any need for structural reforms. They were aided by Adam Smith's Deist idea of God as a veritable watchmaker who had set up humanity's economic relations so that progress automatically would be served by individuals pursuing their own interest.

But instead of equity occurring through mutual gain, society polarised as the economic surplus passed into the hands of a *rentier* class living off inherited rents and interest. The dead hand of the past – literally a mortgage – was dispossessing the newborn. The question now facing society is whether the world can avoid further destruction along the present lines, or whether it must be allowed to run its full course. Will a workable alternative be accepted by the vested interests, or must societies linger in an interregnum?

A positive consequence of economic collapse often is to awaken society to the need to put in place checks and balances designed to prevent a recurrence. This curative effect is being blocked today by a monetarist ideology that welcomes bankruptcy on an unprecedented scale as "creative destruction". It claims that sell-offs of the public domain to pay foreign debts should be pursued further rather than rejected. Opposing less extremist policies, the leading financial interests are acting through the IMF, the World Bank and U.S. financial diplomacy to keep a narrow rein on the world's options.

Religion has let itself be mobilised to oppose national attempts to break free of these globalising pressures. The major religions and the economics discipline have failed to offer a doctrine that reflects their joint philosophical origin in modern times as moral philosophy. The motto of today's economic orthodoxy has become essentially that of Russia's oligarchs who have emerged in the post-communist libertarian kleptocracy: "ourselves for ourselves." This junk economics is acclaimed as the wisdom for which Nobel Economics Prizes have been awarded to the Chicago School of free-market fundamentalism.

**Corruption
of laws and
doctrines**

WHAT IS MISSING from religion is the same dimension that has been lost by today's economic doctrines. Economics, followed by its kindred social sciences, has stripped away the ideas of mutual aid and duty, altruism and self-sacrifice as representing anything but personal and social loss. In keeping with this approach, monetarist fiscal management is stripping away public support for art and culture. If religion has not picked up the slack being left by this socially devastating narrow-mindedness, it is because religion seems as irrelevant to the progress of art and culture as it is for economic and social theorising.

Accepting inequities inherited from the past, market individualism tacitly if not explicitly assumes that rising debt levels are a path to wealth. Fortunate individuals who inherit financial fortunes, property and status at birth, oblige the rest of the human race to serve them or buy their way into a position that obliges others to provide them with a free *rentier* lunch. Economies boom and bust, but the debt overhead owed to their vested interests grows by its own mathematical laws.

The phenomenon of an economic surplus owed to savers has become morally accepted in the case of retirees and pensioners, along with widows and orphans enjoying trust funds invested in bonds and stocks. But it is extended by false analogy to cover hereditary fortunes and institutional financial holdings without limit. Globally, it dooms most of the world's population to serve a hereditary *rentier* core. International finance today functions as if the world must support Americans, as if the United States as a creditor economy had achieved a needy status rather than having placed the rest of the world in debt bondage.

Is this really how national and global development should be steered? Or should civilisation's long experiment in privatising the public domain, including the ability to create credit, be adjudged a failure in light of its consequences? Will it prove to be as self-defeating and transitory a phenomenon as Rome's imperial oligarchy, leading to as deep a collapse?

**The task:
change
social
institutions**

IT IS FUTILE to try to change or repress human nature. What *can* be reformed are the social structures that shape economic behaviour in its social context. It is this context that defines success. Since antiquity the measuring rod has shifted from social open-handedness to self-centred gain-seeking at others' expense. Success and social approval now are defined in ways that promote a narrow rather than broad standard for evaluating personal worth and worthiness.

A minority of individuals always have eluded the socialisation process and acted in ways hurtful to others. In the low-surplus economies of the past, such individuals tended to be fined, punished and sometimes exiled. Today their self-centred characteristics are leading them to be selected and

put in charge of corporations, law firms, accounting firms, think tanks and the government itself.

Absentee ownership, interest-bearing credit, tax avoidance and insider political dealings to obtain special economic advantages are the aims of this dynamic. To implement them, it is necessary to disable traditional religion and replace traditional social values with a new kind of secularism, grounded in the culture itself and its educational system. A *Financial Times* article reports on how universities teach the new tactics as a model to emulate rather than to be avoided. A recent Aspen Survey describes how American business schools narrow rather than expand their students' social horizons:

While most MBAs rate industrial companies – companies that make things – at the top of their employer wish-list, the companies where most get their first job on graduation are McKinsey, Deloitte & Touche, Booz Allen and AT Kearney. And what is abundantly clear is that students' sense of social responsibility decreases as they go through their MBA programme. At the beginning they may view the corporate world through the eyes of a consumer but once into the programme their perspective changes to that of a shareholder.

For example, as they begin their degree, more than 40 per cent say that one of the primary responsibilities of a company is to produce useful, high-quality goods and services; but by the end of the programme just over 30 percent think this is valuable. On graduation 75 per cent of respondents say that one of a company's primary responsibilities is to maximise shareholder value.

A further finding of the report is that MBAs are unsure how social responsibility contributes to business success but most would like to learn more about it. These sorts of courses are rarely available at business school.⁸

Judith Samuelson, executive director of the Aspen Institute, explained to a reporter that such work is done only in students' clubs. "It's saving the whales at weekends."

The irony is that although educational institutions started out as training grounds for the priesthood, their secular transformation over the past two centuries has inverted their original goal by limiting the scope of their teachings as to the consequence of economic and financial structures for society's long-term development. It is as if the financial parasite has taken over the brain of its host, and is now consuming the host's body to create new institutions to replicate financial parasitism. There was a time when religion opposed this.

At its best, the Enlightenment sought to avoid the futility of changing peoples' personality by accepting them as they are. The problem with extending such freedom is that it became general license. The premise that humans should not interfere with what the Lord has created led to a naïve, misplaced optimism.

What should have been done was to realise that in fact most people are good, and to reinforce this spirit by social pressures. What is needed is primarily to protect society from wrongdoers. Alas, the Enlightenment did the opposite. The drive to protect rational individuals from the theocratic and royalist state led to a dismantling of efforts to reinforce the public spirit inherent in socialised individuals.

The limited liability corporation, for instance, was the crowning achievement of property-based law (or its fatal lever, if you will), and was pressed to the point of freeing wrong-doers from liability. What was limited was personal accountability. Under the new conditions the Invisible Hand turned out to be that of a social pickpocket, enabling cheating on the personal level to be elevated to the society-wide corporate plane. The Enlightenment's neo-liberal offspring failed to deal with the Enrons of this world, Arthur Andersen's corruption of the accounting profession, and with Citibank's financial innovations of the past quarter-century.

As religion joined the Reformation's and Enlightenment's turn toward personal ethics, it let lapse its original concern with the law. Fewer and fewer legal barriers remained against economic crime. Adam Smith's Enlightenment philosophy had intended to check abuses that initially stemmed from the state itself, but it was unable to check the financial power from becoming society's new economic planning vehicle.

A shift in religious views has enabled lawbreakers to divide their private from public life by separating what should have remained integrated - one's moral view of the world with the means of earning one's livelihood. The cosmos itself was brought down to earth and privatised, as it were. In the beginning, "heaven" had been the sky - the starry night-time sky whose movements of the moon and planets provided the model for calendrical order. Hell was assigned to the underworld, a condition of moral disorder. Christianity divided the two in a moral sense, making heaven the abode of afterlife. This idea was different from that of reincarnation, as it was not a continuation of one's life on earth but on another plane. It was only there that the Christian religion would punish evildoers. The effect was to remove the teeth of religion, the law and economic regulation by suggesting fantasies about how good the world would be if everyone behaved nicely.

Rather than depicting a utopian heaven, a more proper task of religion would be to prevent the earth from being turned into a hell. The proper task of the law should be to back social objectives with appropriate deterrence, while economic theory should explain how economic inequalities and social polarisation, once underway, tend to widen rather than narrow if they are not countered by government measures from above the economic system as such.

SMITH'S philosophy of the Invisible Hand of self-interest as the key to economic progress began as a protest against irrational royalist authority, including taxes levied to service war debts that were incurred to finance territorial aggression. These war debts were carried by creating and selling off public monopolies. Yet the policy of laissez faire ended up with the Thatcherite privatisations of the 1980s and '90s. Private creditors advanced credit that the government could have created just as well, to purchase rent-seeking monopolies whose revenue was pledged to pay interest to the bankers who provided the credit for such buy-outs.

Asocial financial behaviour

The task of religion and education traditionally has been to subordinate peoples' behaviour to the broad long-term context. This approach is countered by financial interests asserting the more narrow objective of management as being to build up "shareholder wealth". Such wealth now takes the form mainly of capital gains, that is, asset price inflation for the means of production already in existence, in contrast to putting new productive capacity in place. Using financial leverage that loads down society's assets with interest-bearing debt, individuals make use of credit creation, obtain monopoly powers and manoeuvre politically to obtain economic leverage by getting industry, real estate, government and labour into their debt.

Religion and the law always have needed the dimension of punishment to go with the moral inducement of education and peer pressure on individuals to behave well and avoid egoistic hubris. Society's problem is not with the majority of people who live by the rules, pay their debts and do not cheat. Rather, the problem is systemic. The recent Enron electric power frauds in California "stretched the envelop" of what was legal, much as Citibank's financial practices encroached on what hitherto had been deemed criminal in the 1980s. Drexel Burnham's techniques for corporate raiding via junk-bonds were decriminalised early in the 1980s, as were "taking public institutions private," such as the privatisation of mutual savings banks and insurance companies.

Crime always has paid, above all financial illegality. It has paid richly enough to enable every society to be taken over by extra-legal means. Somewhere between 1 and 10 percent of people are economically abusive in this fashion. They tend to be well-placed individuals at the top of the social pyramid, in a position to substitute their private interest for that of society at large. The practices of limited liability corporations, for example, have been expanded at the expense of the legislative and policy-making domain. The techniques of offshore money laundering have been pioneered by the largest and most prestigious global firms, not by outsiders operating under the tip of society's bell-shaped curve.

On the premise that nobody knowingly does evil, Socrates explained

that the root of evil ultimately is ignorance. Many irresponsible people do not understand the consequences of their actions. Their manoeuvring has been facilitated by the fact that as religion has come to focus mainly on personal ethics, its early concern with the law has lapsed. And as legal barriers against economic wrongdoing have been dismantled, modern law, economics and religion have been stripped of their recognition that people do not always act in social ways. Offenders must be deterred by fines or penalties designed to make their victims whole, punish the offenders, and in general to protect society from such acts.

**Religious
revival or
economic
collapse**

EVEN AS LARGE financial institutions are cannibalising the savings of smaller savers and labour's retirement funds, right-wing Christian groups in America are advocating the privatisation of Social Security on the theory that individuals should take their own fate in their hands. Under today's conditions such financial deregulation is synonymous with throwing the trusting to the unscrupulous.

The solution cannot merely be one of charity or other small local reforms to serve the poor. It must go to society's core. This requires nothing less than a restructuring of the credit system and a reversal of the privatisation of financial and property relations. By collecting interest for the public domain, de-privatisation of the credit system would shift the tax burden away from labour and physical capital. Credit should be extended for productive investment, not for economically corrosive speculative gains that merely increase asset prices and hence consumer housing costs and investment costs.

If advocacy of this kind of policy has become secularised, it is because today's religions have been diverted from their original impulse. It will be the task of the religion of the future to reverse this exile into otherworldliness, providing a context in which social institutions once again may be designed to serve society as a whole.

True religion always has been something more than merely individual self-fulfilment and letting individual parts go their own way. At issue has been the survival of society. Never in the past 2,000 years has this survival been so deeply threatened as it is today.

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