

# Editorial



## Nathan Mladin

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Debt is a burning issue today. It may not get as much profile as Brexit, but in the long term it may be just as, if not more serious. Following the financial crisis of 2007/8, debt is now at unprecedented levels across the Western world. The UK statistics are particularly troubling. More than 8.3 million people are reported to struggle with debt payments and other money problems. Unsecured debt, that is, debt which is not backed up by an underlying asset, is now at £15,880 per household, up £1,160 from 2018. After the introduction of tuition fees of about £9,250 per academic year, students now leave university hauling behind them a mountain of debt, with significant chunks of their prospective wages set to go, for years to come, towards paying off their student loans.

Nearly three million UK households spend more than a quarter of their income on debt repayments. Just under half of these households have incomes of less than £15,000 per year. For many people, taking out a high-interest loan or maxing out on a credit card are desperate measures to make ends meet when wages are simply not enough and savings virtually non-existent.

As a result, debt is a real scourge and source of misery for many. Straddled with soaring and ultimately unpayable debts, many feel helpless and isolated. Their relationships suffer and their physical and mental health takes a significant toll. The growth in recent years of the money and debt advice sector, of which the churches are reported to be the fastest growing sub-group, shows just how serious the debt crisis really is.

In the light of all this, earlier this year the Christian think tank Theos and St Paul's Institute published a report titled *Forgive Us Our Debts: lending and borrowing as if relationships matter* (2019). I was one of the authors and the lead researcher on the project. Our aim in the report was to put together a framework of Christian ethical thought, drawing on biblical teaching and the wider Christian tradition, that would help us *reframe* debt as a social and moral issue not just an economic one, repair debt relations to make them more just and humane, and *reform* our debt-heavy economy through more ambitious changes.

In the same vein, this collection of articles goes further and deeper into the subject. Gathering contributions from academics and other specialists working at the intersections between theology, finance, and economics, the issue approaches debt from a variety of angles and I believe gives us important insights and resources to better understand the salient issues when it comes to lending and borrowing today. Perhaps more importantly, however, the articles gathered here challenge us to address some of the negative effects that debt is having on individuals and our society more broadly.

Luke Bretherton, professor of theological ethics at Duke University in the USA, opens the issue with a brief and convincing plea for a richer and more nuanced understanding of the notion of debt. The language of debt, he shows, is pervasive across time as a means of expressing our personal and communal obligations: to God, to one

other, to society and to creation. At its best, debt can express social cooperation and mutually advantageous exchanges. At its worst, debt can be used as a means of bondage, exploitation and domination. Luke's article ends with a clarion call for the Church to proclaim and embody the gospel story of the God who comes to liberate people from debt slavery and to lavish credit on those the powers-that-be deem to be high risk.

Eve Poole, the Third Church Estates Commissioner and author of several publications on the intersection of theology and economics, helpfully introduces the idea of *creation orders* to explain how debt extends beyond the economic sphere. We are all born, she shows, into a form of debt, to our families, to society, and to creation. Eve also highlights the importance of institutions, which she describes as systems of rules. Where the rules are just, society runs smoothly. Where they are broken, they lead to injustice and harm. Student debt is then discussed as an illuminating example of a 'rule' that is doing more harm than good – effectively turning students from citizens into consumers, further extending the reach of the market into society.

Barbara Ridpath, co-author of the *Forgive Us Our Debt* report and member of the Church of England's Ethical Investment Advisory Board, looks at the most common form of debt: personal or household debt. She explains the reasons why people generally borrow, the warning signs of difficulties, the effects of unpayable debt, while also suggesting how practically to help the overindebted. A fruitful question is woven through the piece: what would a more just and loving approach to extending and repaying credit look like? To begin answering this question, Barbara distils the key arguments of the *Forgive us our Debts* report and offers the Christian ethical framework we put forward.

The next piece, by Theos researcher Hannah Rich, offers an insightful discussion of the Church's response to debt problems. This has been mainly, but not exclusively in the form of debt advice, in partnership with Christians Against Poverty, but also through independent initiatives. Hannah shows how churches are uniquely placed to offer support that is deeply relational and holistic. Churches, she notes, generally address not only people's economic burden of debt but also their relational and spiritual needs. Their support is inclusive, holistic, and joined up, integrated with other forms of provision. As an institutional voice, Hannah shows, the church has significant capacity to challenge unjust structures. The most notable initiative on this front has been what the media called the 'War on Wonga', the campaign led by the Archbishop of Canterbury against doorstep and payday lenders charging interest rates and fees of up to 5000 per cent. But there is, as she rightly points out in the conclusion of her piece, plenty of scope for the church 'to go further in challenging unjust economic structures and create genuine alternatives'.

Government debt is the focus of the last two articles in this issue. Why should we care about it when personal debt is surely the most pressing? The articles make it clear that personal debt cannot be disentangled from the government's involvement in the debt economy. The government's obligation to pay back its debts involves, by dint of taxation, ordinary citizens, both present and future. Philip Booth, Professor of Finance, Public Policy and Ethics at St Mary's University Twickenham, and Stephen Nakrosis, a PhD student at the same university approach the topic of government debt through the frameworks of Catholic Social Teaching, natural law, and virtue ethics. As with other forms of debt, government debt, they show, is not always and unquestionably problematic. It should be assessed on the *reasons* why it is incurred (e.g. spending while not taxing properly vs borrowing to invest in infrastructure) and its *effects* on, among other things, the relationship between generations, and between government and the governed, according to the principles of intergenerational justice and solidarity. They note, however, that any increase in the size and scope of government must be financed through adequate taxation of the current generation.

In the concluding article, economist Paul Mills applies explicitly biblical wisdom on debt and stewardship to how Christians should think about government borrowing today. Paul acknowledges that there is no biblical material which speaks directly to the question of government debt, but offers scriptural principles focused on the 'relational dynamics at work between borrower and lender, and between current and future generations' which are still applicable to the issue of government debt today. The article ends with a set of suggestions to reduce and make government borrowing more transparent and responsible. In the end, however, beyond anything that policies informed by Christian wisdom may achieve, there is an urgent need, he argues, for 'a change of societal heart', away from selfishness towards self-giving. And it is in this context that Christians, shaped by the gospel, have a significant opportunity to embody a spirit of generosity and sacrifice.

My personal hope for this issue is that it successfully fulfils three tasks. The first is *practical*: to accurately describe the issue of debt in its complexity and ambiguity. The second is *prophetic*: to call out the injustices and problems of our debt economy, and suggest practical responses. And the third is *pastoral*: to help readers – whether you are a priest or pastor, leader or lay Christian – to better support those struggling with debt, to encourage you about what Christians are doing on these issues, but also, perhaps most importantly, to spark new ideas of how you might get involved, helping to nurture an economy that is more inclusive, compassionate, and just.