

Drowning in Debt

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The Federal Reserve reported American consumer debt reached \$2.5 trillion last December, and there's no indication it has dropped significantly since then—or that Christians are immune. Stewardship sermons aside, many American Christians find themselves drowning in debt.

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Some Christian financial management consultants take a hard line on debt, labeling as "sin" any debt of any size for any length of time. Others take a more nuanced approach, advising Christians to enter into debt only within responsible parameters. But most agree, the Bible offers strong warnings about debt's burdensome potential.

Scripture does not condemn borrowing, but it names servitude and poverty as likely outcomes, said [Robert Dickie III](#), president of Crown Financial Ministries.

"Rather than right or wrong, the real issue is whether debt is being used to circumvent wise planning. Just because payments may seem to be affordable doesn't mean that someone should obligate himself or herself to pay interest that otherwise could go toward savings or to meet other needs," he said.

Dickie draws a distinction between consumer borrowing and taking out a loan to finance a home or launch a business.

"In all cases, borrowing should be kept to a minimum and never to support a lifestyle," he advised.

Some individuals view debt as a short-term tool for accomplishing long-

term goals, but financial management guru [Dave Ramsey](#) rejects that rationale.

"Too many people have bought into the lie that debt is a tool and that sophisticated and disciplined financiers use debt to their advantage. But really, debt is buying things you can't afford with money you don't have," said Ramsey, syndicated radio host and creator of the Financial Peace University curriculum used in many churches. "I believe that debt brings on enough risk to offset any advantage that could be gained through the leverage of debt."

God reveals his "disdain for debt" throughout Scripture, Ramsey insisted, citing verses such as Proverbs 22:7: "The rich rules over the poor, and the borrower is slave to the lender."

"If you want to win with money, listen to the Bible and do what rich people for many generations have done, which is spend less than you make and stay away from debt," Ramsey advised.

Similarly, Bob Barber, chief executive officer of the [Christian Financial Association of America](#), headquartered in New Braunfels, emphasized warnings in Scripture about debt.

"Scripture does not say that debt is a sin but warns that too much debt has dire consequences. Anytime we take on debt, we are presuming upon an unknown future in which we will be able to pay it back, not knowing for sure if the income will be there," Barber said.

An individual may take on debt assuming a certain level of income but experience some setback that causes a significant decline, he noted. So, Financial advisors Dave Ramsey, Bob Barber and Robert Dickie

Barber said, a person considering taking on debt should consider the question, "Could you make the payments in the event of a job loss or major catastrophe until the debt is paid off?"

For some Christians, lending may become as problematic as taking on debt. They view a short-term loan to help a friend or family member through a short-term setback as the right thing to do, but they fail to consider how this affects their relationship.

Christians who want to help someone financially should consider giving rather than lending money, Barber said. While the recipient might consider the money a loan, the provider should consider it a gift, he advised.

"It is not wrong for a Christian to lend to someone in need, but no strings should be attached. Therefore, the loan should be considered a gift with no expectation of being paid back," he said. "Otherwise, if the loan is not paid back, it creates a root of bitterness."

Ramsey agreed. In spite of good intentions, relationships become strained when one person becomes indebted to another, he insisted.

"Anyone who has loaned someone money has experienced the immediate distance in the relationship. The borrower is slave to the lender, and you change the dynamic of the relationship when you loan loved ones money. While it's fine to give money to friends in need for a one-time thing if you have it, loaning it to them will mess up the relationship," he said.

"If you've loaned someone money, it's time to forgive the debt. Maybe you forgive the debt in exchange for them getting their finances in order, so

they don't ever need to borrow again. But the important thing is to forgive and forget, so that everyone can move on in the relationship without the burden of this debt."

Dickie notes the New Testament encourages Christians to give to people in need rather than lend, and the Old Testament prohibited the people of Israel from charging interest to other Israelites.

"If you do make a personal loan, make it for the shortest term possible, don't charge interest and be prepared to absorb the loss if the borrower defaults," he said.

Both Barber and Ramsey agreed debt repayment is no excuse for a Christian to neglect giving to church.

"Scripture speaks to the tithe and to debt but never in the same passage," Barber said. "Nowhere can it be found in Scripture to hold back the tithe until you're debt-free. By paying debt instead of the tithe, are we not putting other gods before God? We are responsible to pay both the tithe and our debts."

Giving a tithe—10 percent of income—to God's work teaches lessons about stewardship, Ramsey added.

"God doesn't ask us to tithe because he needs the money. He asks us to tithe for our own benefit. Tithing allows you to put God first in your life and become a less-selfish person," he said.

"Even if you're working to get out of debt, you should still continue tithing. If you can't live on 90 percent of your income, you probably can't live on 100 percent of it. If you sit down and look at your budget, you will probably see that you can make it while giving at least 10 percent."

Dickie similarly emphasized the importance of Christian giving but framed

the matter in slightly different terms.

"The Bible encourages us to honor God from our first-fruits, meaning that we should apportion part of our income to him. Now, taking from what you are obligated to give to a creditor and giving it to God is not honoring him. But making a sacrificial gift to him from our portion—that is an offering God will receive," he said.

Some Christians insist that if nobody borrowed money, it would cause widespread economic suffering because the banking system would collapse. Barber does not buy that argument.

"The banking system is already collapsing from too much lending. If the banking system did not lend money, it would be forced to make its money from banking transactions. This would be far cheaper for the consumer than the interest paid for loans to banks," he said.

"Today's banking system may collapse, but we all would be better off in the long run, since the money the banks make from interest we pay would be in the hands of many instead of the hands of a few, namely the banking system. This would create much more prosperity for those outside the banking system."

Theoretically, if every person stopped incurring debt of any kind, the economy would collapse within a year, Ramsey acknowledged.

"But the reality is that I could get millions of people out of debt and there would still be people that had credit cards, car payments and mortgages," he said.

Furthermore, he emphasized the overall positive economic impact of debt-free consumers in the long run.

"My goal is to get as many people out of debt as possible. If this happened,

over time, our economy would prosper. Banks and other lenders would suffer, but the overall economy would thrive because debt-free people would have money to spend and support the economy. ... People would have money to give and help others," Ramsey said.

The ideal situation, Dickie observed, would be for both borrowers and lenders to practice responsibility.

"Lenders should not lend beyond the extent that borrowers can repay, which requires due diligence on the lenders' part. Borrowers should not borrow unless they can avoid surety, have dealt with what caused the need to borrow in the first place, and have a clear path to repayment," he said.