# WHO BEARS THE BURDEN?

## Christian theology and the impact of debt on children

May 2014

The Contextual Theology Centre

The Children's Society

**THE DEBT TRAP**

End the damage to children

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# Preface

### The Rt Revd Nick Baines

Theology is never 'merely academic' in the common sense that implies it has no practical application. On the contrary, theology – that is, thinking about God, the world and ourselves – compels a response in action and decision-making. Sometimes the cost of such a response can be both high and demanding.

A report that sets in a theological context the practical challenges of child poverty and the impact of family debt on children is timely and important. Thinking theologically – reflecting on practice and priorities in the light of how we understand God to be – raises important questions about how we order our society, who we prioritise over whom, and why we think we matter in the first place.

The papers in this report do not make for necessarily comfortable reading. The statistics around child poverty tell their own story; but the stories told by children themselves burn with a power that is both shocking and intense in their simplicity. As Angus Richie points out, 'it seems wrong that [children] should bear so heavy a burden for choices they did not make'. Yet, we see in Britain today thousands of children living with poverty incurred by adults, and suffering under the weight of consequent cultural impoverishment.

Luke Bretherton helpfully opens up the question of whether a system of lending and borrowing is inherently wrong, and concludes that it is not. Economic systems draw us into relationship and responsibility, compelling negotiation over values, priorities and behaviour. But, a biblical approach cannot stop there. How that system works, and how it is abused, is something that Christians cannot step back from without asking for whom such a system exists. Systems that essentially dehumanize those who participate in them can never meet the tests of justice or generosity that lie at the heart of the Christian gospel.

Children do not choose to be in debt or to live in poverty, although they often show real ingenuity in living with their consequences. But, if we allow a generation of children to grow up in conditions of poverty and deprivation – including the deprivations of relationship, consistency and self-esteem that characterise families struggling under the weight of want – we cannot expect the social effects to be neutral. To be undervalued today might bring other social costs tomorrow.

This report offers a lens through which we can begin to think about the experience of children living with poverty and debt. And it does so by setting a theological framework that bears directly on practical choices.

# Contents



## Debt prayer

Help us, Loving God, to see
beyond the smile of the child
who misses weeks at school,
to the embarrassment of the parent
who cannot afford their child's uniform.

Beyond the apology of the child
who misses a friend's birthday party,
to the parent who can't afford a gift
as they try to clear off a payday loan.

Beyond the bullying in the dinner hall
of the child with too little for lunch,
to the ache in the parent who
goes hungry for the sake of their child.

Help us, Loving God, to see
beyond the stereotypes and statistics.
Inspire us to work to ease the burden
on children and their families trapped
in seemingly never-ending debt.
**Amen.**

# Introduction

**Angus Ritchie**

The Bible talks a great deal about the burden of debt. It is full of teaching on lending and borrowing. Indeed, the metaphor of debt and the forgiveness of debt are central to a Christian understanding of salvation.

It is not surprising, then, that Christians have a lot to say about unjust borrowing and lending. In the last few months, the Archbishop of Canterbury has been at the heart of the national debate about capping the cost of credit and supporting credit unions. This collection is written to help the church as it seeks to open up a more honest conversation about money, and to highlight the particular ways in which children bear the burden of household debt.

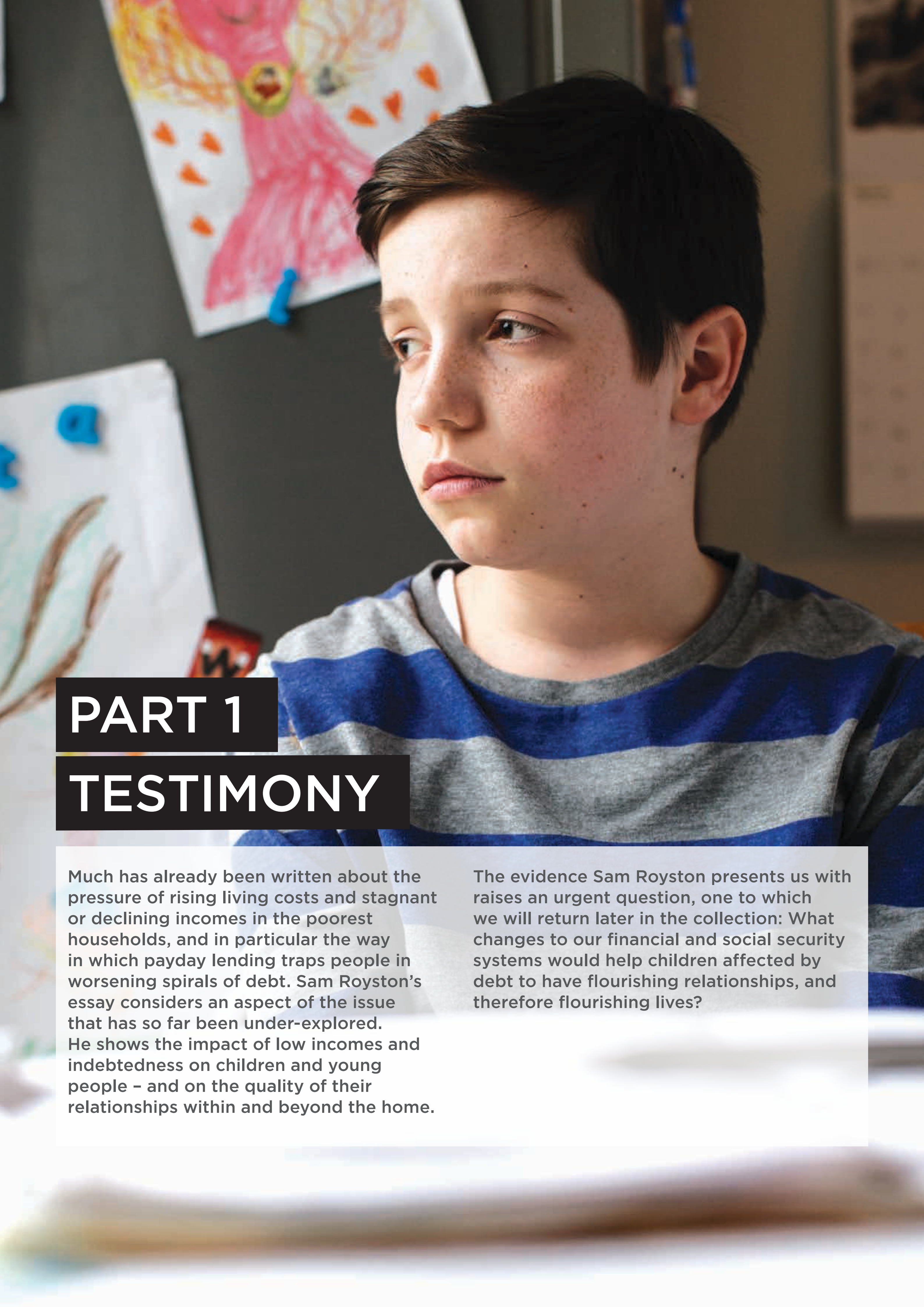
A great deal of fear and secrecy surrounds the subject of personal debt. As a society, our attitudes to money mirror the supposed Victorian attitude to sex: fascinated yet prudish, unwilling to explore people's everyday experiences with honesty. This collection begins with an essay by Sam Royston, which lays out the impact of household debt on Britain's poorest families. As he shows, the cost is borne by relationships as well as bank balances, and all too much of it falls on the shoulders of children and young people.

The second section of this collection offers some theological reflections. Luke Bretherton emphasises the centrality of debt slavery to the story of salvation, and draws out some implications for the way we treat borrowing and lending today. In my essay, I explore these issues with particular reference to children and discuss the moral issues raised by the way they bear the burden of the misfortunes and choices of others.

In the final section, we move from testimony and reflection to action. David Barclay's essay describes the ways a number of different churches are addressing these issues in their local context and offers opportunity to reflect on our own situations. Nigel Varndell and Mo Baldwin then go on to apply a theology of money to The Children's Society's new *Debt Trap* campaign, and show how it has arisen from a process of listening and reflecting.

Editing this collection has been a sobering process, reminding me once again of the ways in which the burden of poverty and injustice so often falls on the most vulnerable. But to be doing this in Passiontide has helped me to realise afresh how central the image of debt and its forgiveness is to the message of the Gospel. It is my hope and prayer that this collection will help us all to hear and respond to the challenge of the Gospel to the way we treat wealth; and, above all, to the way we treat children and young people.

Tuesday in Holy Week, 15 April 2014



# PART 1
# TESTIMONY

Much has already been written about the pressure of rising living costs and stagnant or declining incomes in the poorest households, and in particular the way in which payday lending traps people in worsening spirals of debt. Sam Royston's essay considers an aspect of the issue that has so far been under-explored. He shows the impact of low incomes and indebtedness on children and young people – and on the quality of their relationships within and beyond the home.

The evidence Sam Royston presents us with raises an urgent question, one to which we will return later in the collection: What changes to our financial and social security systems would help children affected by debt to have flourishing relationships, and therefore flourishing lives?

# Caught in the debt trap: Problem debt in families with children

**Dr Sam Royston**

### Introduction

Problem debt[1] causes suffering and distress for hundreds of thousands of households across the country. However, too often research has failed to look beyond the debtor, to the wider impact that debt has on a household, and, crucially, on its children.

This essay and accompanying report[2] begins to address this gap, examining the impact of debt on families with children, not only through asking parents but also by exploring the issues with children themselves. The analysis is based on a range of sources, involving an original survey of 2000 families with children aged 10–17, which included both a parent and child in the family. This is combined with results from an online survey of around 4400 British adults commissioned from YouGov.

We carried out 14 in depth interviews with families with children facing problem debt, who are currently, or have previously been StepChange Debt Charity[3] clients. In all cases, interviews were conducted with the parents in the family and in six cases, we also interviewed their children. Interviews with parents and children were conducted separately. And finally we ran a focus group with a small number of children in Manchester.

### The findings

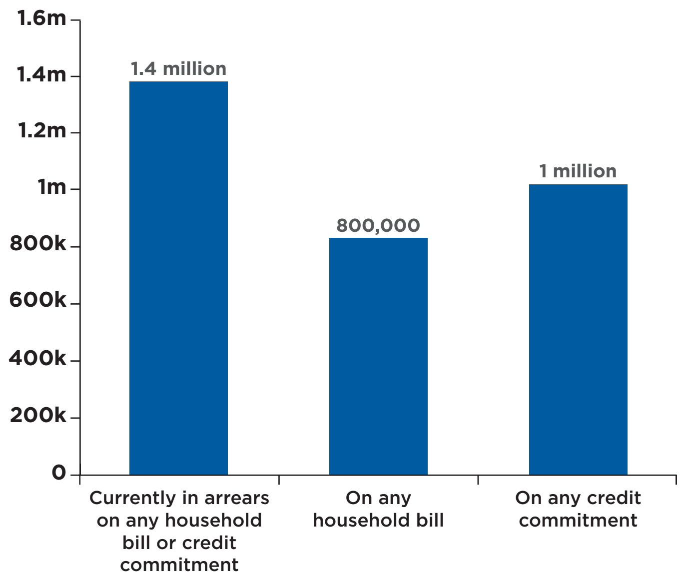
Our research reveals that, far from being immune from the impact of family debt, every aspect of children's lives – from access to basic necessities through to family relationships and school experiences – can be affected.

Reducing the impact of problem debt on children is possible, but it requires a concerted effort from government, creditors and regulators to address both the root causes, through better debt and money management education and an enhanced welfare safety net, and to provide earlier, better quality support when families do get into difficulty.

Almost 1.4 million UK families with children, 18% of all such households, are currently in problem debt. These families have around 2.4 million children living in them. In total these families owe £4.8bn in arrears to service providers and creditors (including family and friends, and government, both national and local).

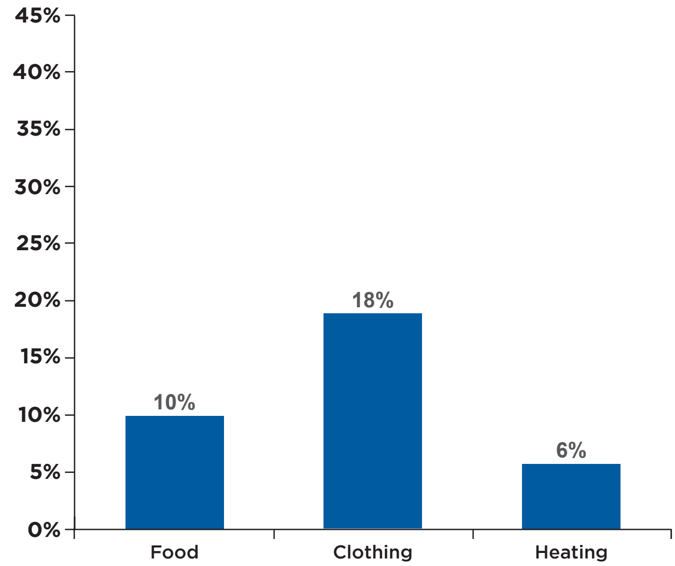
However, this is only part of the problem; an additional 2.9m households with dependant children have struggled to pay their bills and credit commitments over the previous 12 months,[4] putting them on the edge of falling into problem debt.

**Table 1: Numbers of families, with children, in arrears on household bills and credit commitments**




n=2014 Numbers rounded to nearest 100,000

**Table 2: Families who have borrowed money to pay for essential items for their children (by essential item)**




n=779

The current financial hardship experienced by millions has contributed to this, with a continuing squeeze on the cost of living, rising fuel bills, welfare cutbacks and the growing number of people facing enforced part-time employment or zero-hour contracts.

Our findings reveal that parents are more vulnerable to debt difficulties than those without children. The presence of a child in a household makes it more likely to be hit by an unexpected bill, but means a more limited ability to reduce spending in the wake of such an income shock. Around one in five adults (21%) with a dependant child believe that if their income dropped or expenditure rose (by 25%) their insurance or savings would allow them to keep up with essential living costs for less than one week. This is compared to 13% of households without dependant children.[5]

Under these circumstances, families with children are often trapped in a situation where they have little alternative but to take out credit to pay for necessities. Our research found 10% of parents say they have taken out credit in order to buy food for their children.[6]

But this is part of a debt trap; with families subsequently finding that maintaining repayment on these credit commitments means their children are missing out compared to their peers. Nine out of 10 parents have cut back on essential items for their children within the last year so they could keep up payments on debts.

**'I was having panic attacks and not sleeping and, you know, all the classic things that you see on the adverts for people with debt worries and things like that. And, you know, it was sort of fairly stressful because I suppose you couldn't plan to do anything and I was constantly thinking, 'Oh, what if the kids wanted to do something with her friends? Could I afford for them to do it?' […] I just seemed to be surrounded, you know, with money, really.'**

For families already in poverty the situation is worse. Our analysis finds these families are particularly likely to be trapped in problem debt, which exacerbates the financial and psychological pressure they are already under.

The impact of this debt trap on children is of real concern, but one neglected by previous analysis. Not only (as shown in Table 2) does debt lead to families having to cut back on

**Table 3: Parents in problem debt who think their financial situation has caused their children emotional distress (by nature of distress)**

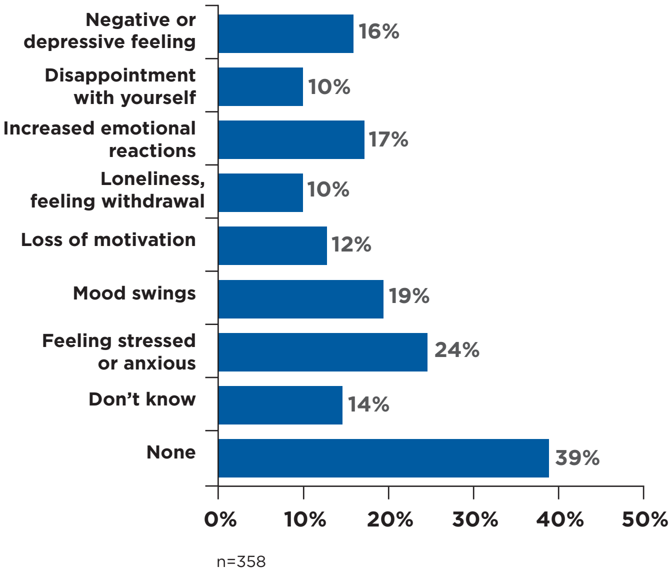
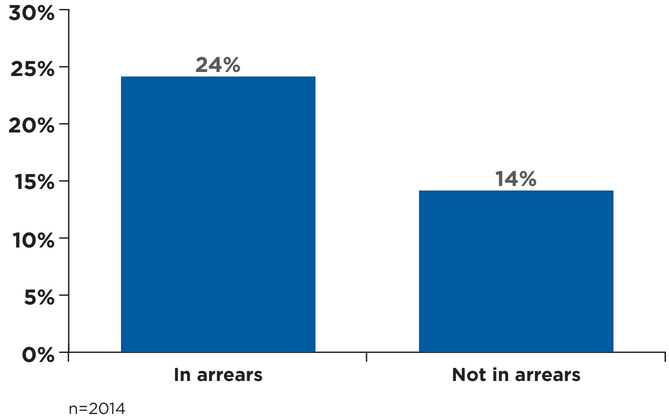



**Table 4: Children saying they are unhappy[7] about their school 'in general' (by whether or not family is in problem debt)**




essentials for their children but our analysis, as shown in Table 3, reveals that families trapped in problem debt are more than twice as likely to argue about money problems, leading to stress on family relationships, and causing emotional distress for children.

**'We used to have like family meetings like once a month or something and then we planned to go out like cinema. But we don't really do that anymore.'**

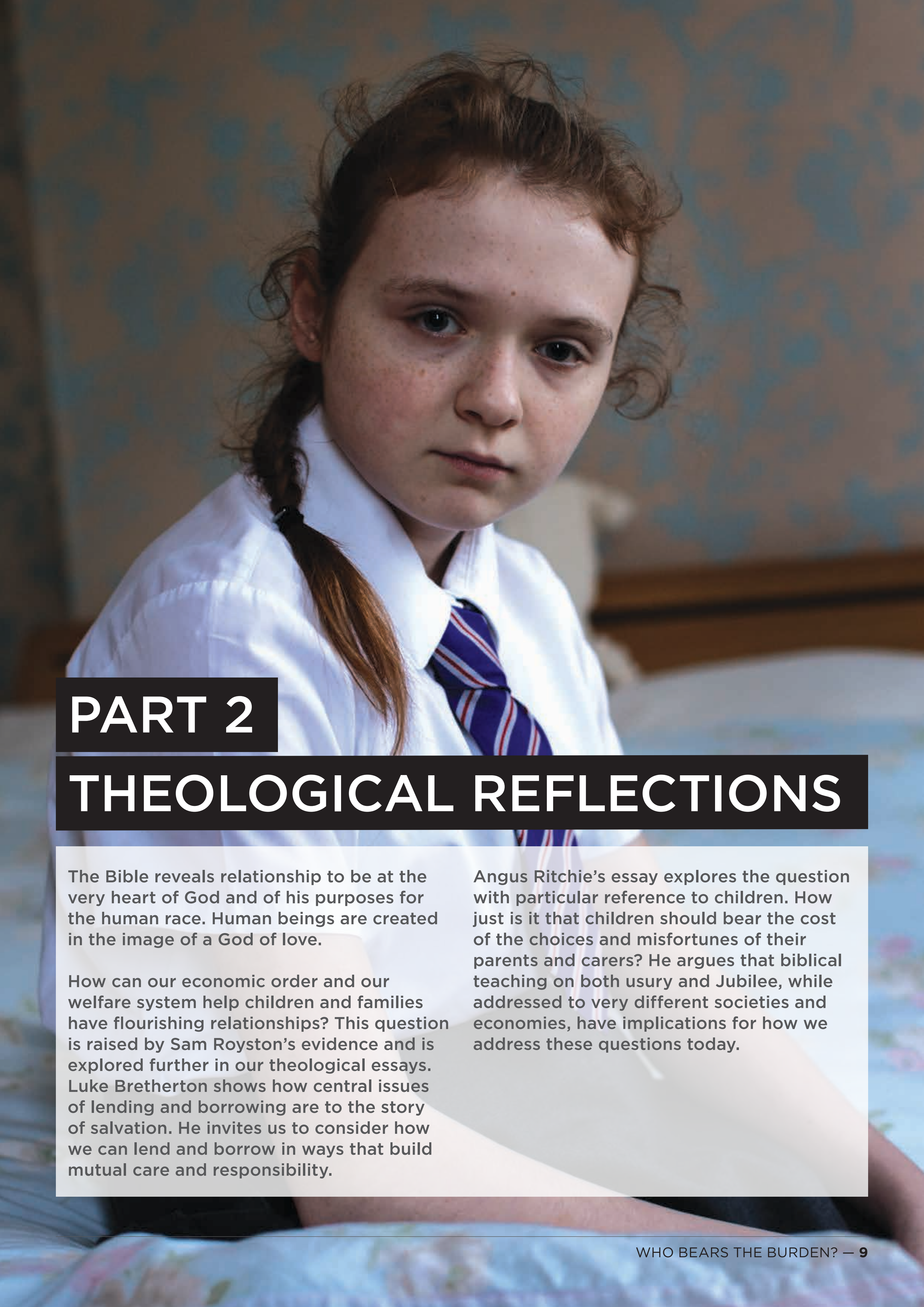
It also damages children's relationships with their peers. More than half of children aged 10–17 in families with problem debt, said they had been embarrassed because they lacked the things that their peers had, and nearly one in five said they had been bullied as a result. In both cases, children in families with problem debt were twice as likely to suffer these problems as other children.

**'I hate [school]. Because my mum and dad can't afford the trousers so I have to wear trackies. But my head of my college, I always really annoy him. He goes "You got to get your trousers sorted out".'**

There is evidence that the emotional distress caused by problem debt can lead to children facing difficulty in school. Around a quarter of children in problem debt were unhappy with their life at school (see Table 4), making them nearly twice as likely as other children to be unhappy in this area of their life.

Debt and the issues it causes are not unique to the 21st century western world. We can look back in history to learn from the efforts of the past to inform our actions in the future. These papers take us into the Hebrew and Christian Scriptures to help us to understand and explore the theological teaching that underpins the church's teaching and our responsibility for action.

Problem debt is not insurmountable. There are ways to address this debt trap by both limiting the likelihood of families getting into problem debt, and by giving them the support they need to get out of debt if they do find themselves in difficulty. We reflect on the experiences of local churches in this country as they work to tackle the debt trap faced by families and children in their area, before making suggestions for how we might become change makers in our own communities.



# PART 2
# THEOLOGICAL REFLECTIONS

The Bible reveals relationship to be at the very heart of God and of his purposes for the human race. Human beings are created in the image of a God of love.

How can our economic order and our welfare system help children and families have flourishing relationships? This question is raised by Sam Royston's evidence and is explored further in our theological essays. Luke Bretherton shows how central issues of lending and borrowing are to the story of salvation. He invites us to consider how we can lend and borrow in ways that build mutual care and responsibility.

Angus Ritchie's essay explores the question with particular reference to children. How just is it that children should bear the cost of the choices and misfortunes of their parents and carers? He argues that biblical teaching on both usury and Jubilee, while addressed to very different societies and economies, have implications for how we address these questions today.

# ‘Neither a borrower nor a lender be’?[8]

**Luke Bretherton**

**This essay argues that the issues of debt and liberation from debt slavery are at the very heart of the Bible. Far from being peripheral texts that we can ignore in today’s, very different, society, the Bible’s teaching on lending and on usury is key to understanding what Christianity means by ‘redemption’.**

## Scripture, usury and the call for responsible lending

The Bible has a great deal to say about the power of money. In particular, it is quite specific about how we should treat debt and lending. In the book of Exodus, the central dramatic act of the story is liberation from debt slavery in Egypt. Indeed, the place of Genesis and Exodus in the ordering of Scripture underlines this point. The book of Genesis closes with the story of Joseph. At the end of this story, although saved from famine, the Israelites, along with everyone else in Egypt, are reduced to debt slavery.[9]

Debt slavery is a ‘voluntary’ process entered into in order to receive the grain from Pharaoh’s stores that the people had given to Pharaoh for safe keeping in the first place.[10] After several rounds of expropriation the people finally come before Joseph and say: ‘There is nothing left in the sight of my lord but our bodies and our lands… Buy us and our land in exchange for food. We with our land will become slaves to Pharaoh.’[11]

The first chapter of Exodus opens with a new Pharaoh who takes advantage of the Israelites’ debt slavery to exploit them. So the Israelites were not prisoners of war or chattel slaves, they were debt slaves undertaking corvée labour on behalf of the ruling elite.[12] It is from this condition that the Israelites are redeemed. As David Baker notes the verb ‘go’ in ancient Hebrew is used for both the exodus and for the seventh-year release of debt slaves.[13] The linkage between liberation from Egypt and debt slavery is made explicit in Leviticus 25.35-46. In this text the prohibitions against usury and limits placed on debt slavery through the institution of Jubilee are grounded in the relationship established between God and the people through the act of liberation from Egypt.

In the Gospels, Exodus is one of the key framing narratives that shape the presentation of Jesus’ life, death and resurrection. And the notion of redemption or Jesus paying with his life in order to liberate humans from our debt of sin is a *leitmotif* in the New Testament (Mark 10.45; Romans 6.21-23; Colossians 3.5-6). Indeed, the declaration of Jubilee – that is, the release from debt slavery – forms the basis of how Luke frames Jesus’ announcement of his purpose and mission:

**'The Spirit of the Lord is upon me, because he has anointed me to bring good news to the poor. He has sent me to proclaim release to the captives and recovery of sight to the blind, to let the oppressed go free, to proclaim the year of the Lord's favour.'[14] (Luke 4.18-19)**

And what Luke then depicts in Acts 2 as a direct fruit of the outpouring of the Holy Spirit is the enactment of the Jubilee community where no one has debts because:

**'All who believed were together and had all things in common; they would sell their possessions and goods and distribute the proceeds to all, as any had need.' (Acts 2.44-45)**

So at the heart of the story of salvation we find the power of money and liberation from debt. The admonition that we cannot serve both God and Mammon (Matthew 6.19-24) is not a trivial matter; the central drama of salvation history is an act of liberation from debt slavery.[15] To put the pursuit of money before the welfare of people, and use money to re-enslave and exploit people, especially the poor and vulnerable, is to turn your back on God's salvation and deny in practice the revelation given in Scripture of who God is. Whereas to use money to serve the common good, and in particular to relieve the poor, is a mark of salvation. Here the parables of Dives and Lazarus (Luke 16.19-31) and of the Rich Fool (Luke 12.16-20) are instructive. In these parables the wealthy who hoard their riches, using them for their own aggrandisement and benefit instead of giving and lending to others in need, are condemned as not only foolish but damned.[16]

This brings us to the specific biblical teaching on when and how we should lend each other money. Indicative of the direct teaching on lending money is the following from Exodus 22.25:

**'If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them.'**

Not lending at interest is directly equated with righteousness, as is set out in Psalm 15:

**'O Lord, who may abide in your tent? Who may dwell on your holy hill? Those who walk blamelessly, and do what is right, and speak the truth from their heart; ...who stand by their oath even to their hurt; who do not lend money at interest, and do not take a bribe against the innocent.'**

Whether these stand as condemnations of interest per se, or more specifically excessive or extortionate interest is a matter of dispute. The Hebrew word used in Exodus and Psalm 15 is *neìek*, which is probably derived from the proto-semitic root of *ntk* or *nsk* meaning 'bite'.[17] In the Old Testament at least, usury can be used as a synonym for charging any kind of interest and is condemned as immoral in relation to those subject to covenantal obligations.

In the law given to the Israelites, central to the faithful witness of the People of God is that they do not make each other debt slaves and exploit each other in pursuit of money. Neither land (the basis of the covenant) nor the people (who were saved to serve God) are to be exploited for personal profit. Rather they are to be good neighbours to each other and good stewards of the land. The proper ordering of lending and borrowing directly affects the right ordering of communal relations. This is because the proper relationship between the land and the people is at stake. The land and fellow Israelites were goods given by God as gifts for the flourishing of all. Possession of land did not entitle the holder to exclusive use. Human ownership and use of created goods was limited because God is the ultimate owner; humans are simply stewards of what they have received from God.[18]

To convert land or people into goods of no greater value than anything else is not only to instrumentalize them for one's own benefit, and so place one's own welfare above the good of all, but to usurp God's title. In modern parlance we call such a process 'commodification': the treating of that which is not for sale as a commodity to be bought and sold. Much of the detailed economic legislation in Exodus, Deuteronomy and Leviticus relates to debt slavery and are measures to keep in check such a process of commodification of land and people.[19]

Treatment of the poor is a touchstone that marks whether relations of faithful, mutual responsibility that encompass the whole people are adhered to or not. The turning of people and land into property capable of being traded within a monetary economy is a direct threat to the proper ordering of economic, social and political relations and the concrete ability of all the people to participate in the covenantal order as those of equal value.

The key issue at stake here is not usury per se (as will be seen, there is no absolute prohibition on usury in Scripture), but the nature of the relationship between the lender and the borrower as fellow members of the people of God. Both land and people belonged to God and were not to be expropriated for personal gain or monetised as commodities to be bought and sold. The Jubilee legislation served as a limit that disrupts any justification to permanently expropriate land through debt.[20] The land was to be used to provide the means of life, not converted through exploitation or monopolisation into a means for either the death or the enslavement of one's neighbour.

Legislation concerning the lending of money frames it as a good thing to do as a response to someone in need.[21] But on no account should another's misfortune be turned into an opportunity for personal gain. In Nehemiah we are given a picture where the rich and powerful Israelites have become like Pharaoh and are exploiting a famine to make others debt slaves (Nehemiah 5.3-5). Nehemiah calls the 'nobles and officials' to repentance and in particular to stop charging interest on what they are lending and make restitution (Nehemiah 5.10). The text is a depiction of what judgment, repentance and a return to faithfulness involves. In the New Testament, the story of Jesus' encounter with Zacchaeus, a tax collector and probable moneylender, directly echoes Nehemiah. The sign of Zacchaeus' repentance and that he really changed his ways is that he pays back 'four times' the money he extorted (Luke 19).

As can be seen, central to the faithful witness of the people of God, in both Old and New Testaments, is that they do not actively make each other debt slaves and exploit each other in pursuit of money.[22] However, there is no absolute condemnation of usury in Scripture. While neither the misfortune of the poor and

landless is to be exploited for personal gain, nor the lending of money or goods to one's kin to be treated as an occasion for profit, usury is permissible when it comes to 'foreigners' (Deuteronomy 15.3, 23.20; Leviticus 25.39-54). The distinction between the prohibition of usury in relation to those subject to the laws of Israel and its permissibility when it comes to foreigners has long troubled Christian interpreters. A common way of reconciling the seeming contradiction is through some kind of contextualisation that thereby relativises the distinction. The suggestion is that because Israel was a peasant economy most loans were distress or consumption loans rather than loans for investment. By contrast, loans to foreigners were commercial loans relating to trade. However, this solely economic explanation is too reductive. Calvin, who is often associated with the economic contextualisation of the usury prohibitions in Scripture, is in fact closer to the mark when he states:

**'Looking at the political law, no wonder God permitted his people to exact fenory (excessive charging of interest) from foreigners: because otherwise mutual reciprocity would not have obtained, without which one side must needs be injured. God commands his people not to practise fenory, and therefore by this law lays the obligation on the Jews alone, not on foreign peoples. Therefore, in order that analogous conditions may prevail, he concedes the same liberty to his people that the Gentiles were arrogating to themselves, because precisely this moderation is tolerable, where the position of both parties is the same and equal.'**[23]

Calvin brings to the fore the issue of power and how the equal and fraternal relations of mutuality that were possible in relations between the Israelites could not be expected between the Israelites and foreigners due to the asymmetry of power.

The Deuteronomic double standard on usury suggests that unlike in relation to murder or lying, there is no absolute moral prohibition against charging interest. Although, as Calvin perceived:

**'Usury has almost always these two inseparable accompaniments, viz. tyrannical cruelty and the art of deception. Elsewhere, the Holy Spirit, in praising the saintly, God-fearing man who has abstained from usury, likewise shows that it is very unusual to see a worthy man who is at the same time a usurer.'[24]**

One analogy that helps us understand the ambiguity of Scripture in relation to usury is to compare it to a drug. Like a drug such as heroin, usury is both a poison and a remedy simultaneously.[25] Its ambiguity and double-edged nature, rendered explicit in the Deuteronomic double standard, is what makes the treatment of usury such a contested and confusing field of endeavour. To offer credit at interest is to serve an essential need in the monetary economy. As the history of capitalism suggests, profiting from interest-based credit and the levels of exchange it facilitates is a potent driver in the creation of monetary wealth, technical innovation and the provision of welfare.

The effect of usury is to draw people into relationship with each other who ordinarily might have nothing in common or who are deeply suspicious of each other and have no shared life. At a concrete level, one fruit of modern economic globalisation is just such an increase in trade between enemies. However, as well as enabling exchange, credit also gives enormous power to the creditor, in some cases, it is a power to rival that of a king or an emperor, and its effects can be hugely destructive on social and political relations.

## Applying the Christian tradition today

So Scripture has much to say about responsible lending and sees how we treat each other through lending and borrowing as a key mark of faithful witness. How might we apply this teaching in our, very different, economic and social context?

This paper began with a quotation from Shakespeare's *Hamlet* and asked the question whether we should 'neither a borrower nor a lender be'? The rest of the quote, often cited out of context, advocates absolute independence and not risking the vulnerability and tensions involved in borrowing: 'This above all: to thine own self be true'. This is not the Christian way. To be a lender and borrower are good things. To be a lender and a borrower is to be situated within economic relations of interdependence, cooperation and mutual responsibility that reflect the God given pattern of life set out in Scripture. To lend and borrow is to be drawn into real relationships that demand we have to negotiate a common life in which my flourishing is dependent on the flourishing of others. They are real relationships because, in a sinful world, they make explicit issues of power, risk and conflicts of interest that have to be addressed if we are to be real neighbours rather than a crowd of competitive individuals with no real connection or common life.

And herein lies the irony we discovered in the recent economic crisis. The idea that we can be a crowd of competitive individuals is a utopian fantasy that does not connect with the reality of borrowing and lending, where relations of interdependence and mutual responsibility are inherent in the action of borrowing and lending. If one part of the body suffers, or if only the interests of the few are attended to, eventually all suffer as the system collapses. Maintaining economic relations so they reflect the reality of interdependence and mutual responsibility requires limits to ensure that the vulnerabilities involved in being a lender or a borrower do not become occasions for exploitation, oppression and abuse.

The questions confronting the church, past and present, is how to prevent unjust and extortionate interest rates, encourage responsible lending, and as Christians, point to a deeper reality and truer foundation for human life, one based on loving kindness and generosity, not maximisation of profit and the private pursuit of selfish interests. It is to these questions that the proposals of Archbishop Justin Welby and his critique of Wonga address themselves, and likewise the proposals made by Citizens UK for a cap on the total cost of credit. Whether one agrees with them or not, the questions they are addressing are ones central to the very fabric of what Christians confess and how we are called on in Scripture to live out that confession.

# Whose responsibility? Justice, debt and children

**Angus Ritchie**

### Whose responsibility?

St Paul writes that 'Anyone unwilling to work should not eat' (2 Thessalonians 3.10). While most of us would baulk at applying this literally today, reciprocity is an important feature of a just economy, and in particular, of an equitable welfare system. Willingness to contribute to the common good is part of our society's assessment of whether citizens have a claim upon the common wealth. While there is much disagreement among voters as to how the welfare system should operate, the idea that it should promote responsibility commands widespread assent, and has strong biblical foundations.[26]

While this principle seems straightforward when applied to individuals, applying it to families is much more complicated. To what extent should children be expected to bear the consequences of parental choices, for good or for ill? Much has been made of the desirability of allowing wealth to cascade down the generations but, of course, one consequence of allowing wealth to so cascade is that it makes it much more likely that poverty will also cascade from one generation to the next.

Even if you thought that the economic position of adults bore a strong relationship to their willingness to work (something thrown into question by the back-breaking work done by so many parents who hold down two or three part-time, minimum wage jobs), children are clearly not morally responsible for the financial circumstances in which they are raised.

The fact that children have to live with the consequences of parental mis/fortune and of parental ir/responsibility has particular implications for the issue of debt and credit. Even if you thought that it was 'paternalistic' to protect adults from the negative consequences of their 'free' economic choices, the situation seems very different in the case of children and young people. Intuitively at least, it seems wrong that they should bear so heavy a burden for choices they did not make.

### The witness of Scripture

In this instance, our intuitive sense of justice is echoed, and indeed magnified, by the Bible. As Luke Bretherton has just reminded us, the story of the Exodus is a journey from debt slavery to liberation. Those who incurred the debt to one pharaoh (in order to secure food in a time of famine) are a number of generations removed from those who are weighed down by the later pharaoh's oppression. Debt has indeed cascaded down the generations, and the Hebrew people are bearing a burden incurred by their forebears at a moment of desperation and poverty. God's response is to raise up Moses to lead them to freedom from its ongoing and oppressive consequences.

The law which God gives to the Hebrews after the Exodus bears the marks of this liberating journey. As Bretherton explains, the usury laws prevent supposedly 'free' transactions in which the party with power and wealth is able to ensnare the desperate and vulnerable into debt slavery. In addition, there are provisions in the Mosaic Law for a series of 'sabbatical' years. Every seventh year, the earth was to be left fallow, slaves were to be set free and debts were to be cancelled (Exodus 23.10-11, Leviticus 25.1-28, Deuteronomy 15.1-6).

The fiftieth year was to be a sabbatical of sabbaticals. The Lord tells the people of Israel:

**'And you shall hallow the fiftieth year and you shall proclaim liberty throughout the land to all its inhabitants. It shall be a jubilee for you: you shall return, every one of you, to your property and every one of you to your family.' (Leviticus 25.10)**

In this Jubilee year, every Israelite regained possession of his ancestral land, if he had sold it or had lost it by falling into slavery.

As Walter Brueggemann notes, scholars have devoted a great deal of energy to asking whether the Jubilee year ever actually took place:

**'...no other teaching in the Bible is questioned as this one is about its historicity. I believe the question is asked because we recognise intuitively that of all the commands of YHWH [Yahweh], this Torah teaching is the most dangerous and demanding, for it subverts and undermines all our conventional assumptions about the organisation of community life.'**

As he observes, this question is often a diversion from the implications of the inclusion of the practice in the Torah, and indeed Jesus' reference to it at the start of his public ministry (Luke 4.18-19):

**'In the end, what counts is that the Torah has preserved this radical act of social imagination, which is said to be rooted in YHWH's deepest covenantal commitment. Whether 'historical' or not, the command stands as the most extreme ethical vision of Israel's covenantal memory, endlessly inviting reconsideration, even in economies which have become complex and post-industrial...**

**That old text of Leviticus poses the contemporary question of whether economic power is to be curbed in the interest of maintaining and enhancing the human fabric of society.'[27]**

To imagine such a radical redistribution every fifty years is to imagine a society in which disparities of wealth and power do not cascade across the generations. In the agrarian society of the early Israelites, the combination of the sabbatical and Jubilee years is a way of balancing two claims of justice:

1. **That our willingness to work, and our wisdom in decision-making, should have some concrete economic consequences**

2. **That each new generation should have some protection against being trapped by either the misfortunes or the follies of the generation before.**

The same balance is struck by the biblical prescriptions around lending. They emphasise *both* the duty of the borrower to repay wherever possible, and the responsibility of the lender not to abuse his or her power in a situation of poverty and desperation. As Bretherton reminds us, these teachings recognise the mutual responsibility and vulnerability involved in lending and in borrowing.

The challenge today is to balance these same considerations, with respect to the distribution of wealth and to the way money is lent and saved. How can the vision behind the laws on sabbatical and Jubilee years, and on usury, help us to develop a truly Christian economic framework? How can hard work and enterprise, responsibility and generosity be encouraged, while predatory economic

interactions are discouraged (or indeed forbidden)? If we can answer these questions, we will be able to ensure that each new generation of children has an opportunity to flourish, and to participate fully in the life of the community.

## Family poverty and debt today

The testimonies of children, such as Nicole, Martin and Courtney, recounted by Professor Tess Ridge in *The Heart of the Kingdom*, [28] indicate both the scale of the challenge and the extent to which our current economic order fails to protect our youngest generation. In it, we hear the voices of Nicole and Martin talking about the way poverty places them on the edge of their social groups:

**'I'm worried about what people will think of me, like they think I am sad or something.'**

**'[My classmates] go into town and go swimming and that, and they play football and they go to other places and I can't go… because some of them cost money.'**

Her essay shows that children are forced to take far more responsibility than they ought. Here is Courtney explaining how she tries to shield her parents from the impact that poverty is having on her life:

**'Well I don't like asking Mum for money that much so I try not to… I just don't really ask about it…It's not that I'm scared it's just that I feel bad for wanting it. I don't know, sounds stupid, but, like sometimes I save up my school dinner money and I don't eat at school and then I can save it up and have more money. Don't tell her that!'**

These testimonies remind us how much poverty alienates children from their peers. Research by UNICEF shows that it also affects relationships within the family. Although Britain remains one of Europe's wealthier countries, the UNICEF report shows us to be the country in which the average child has the least amount of undivided attention from a parent or carer.[29] As a nation, we are particularly bad at turning wealth into well-being because our economic systems prioritise money over relationships.

Sam Royston's essay on page 6 has illustrated some of the very specific ways in which this happens, trapping children and families in a vicious spiral. Low initial incomes and rising living costs lead to increased vulnerability to payday lenders; and lenders whose marketing is often ruthless in targeting people at times of particular stress, offering loan products which offer a temporary respite by trapping borrowers in spiralling debt.

Where payday loans are taken out to bridge an ongoing gap between income and expenditure, they will always be bad news. In such circumstances, they can only make things worse, with every week increasing the burden of interest, and widening the gap further.

There is a toxic combination of:

a) Irresponsible advertising

b) Ineffective checks on borrowers' ability to repay

c) Supranormal profits (made by the combination of high interest payments and the additional money made via roll-overs and late payment penalties).

This means that payday lending is justly called a modern-day form of usury, profiting from the desperation of the poorest.

While payday lending dominates the news, legislation to tackle modern-day usury, and initiatives which seek to provide better lending, are only part of the solution. Royston's essay reminds us that we tend to consider the issue of exploitative lending in isolation. The growing gap many households face between income and outgoings, and the reasons for it must also be addressed. Measures which tackle payday lending must complement – and not displace energy from – a wider discussion of how wealth is generated and shared in our society. This is why the Bible's passages on borrowing and lending need to be read alongside its teaching on how wealth is to be used and shared.

We have already considered the impact low incomes have on children's ability to build relationships. As we have seen, parents who hold down several different low-paid jobs face an agonising choice between having enough money for their children and having enough time for them. It is precisely because of such experiences, and because of their commitment to a Christian vision of family life, that inner-city churches have been at the heart of the campaign for a Living Wage.[30]

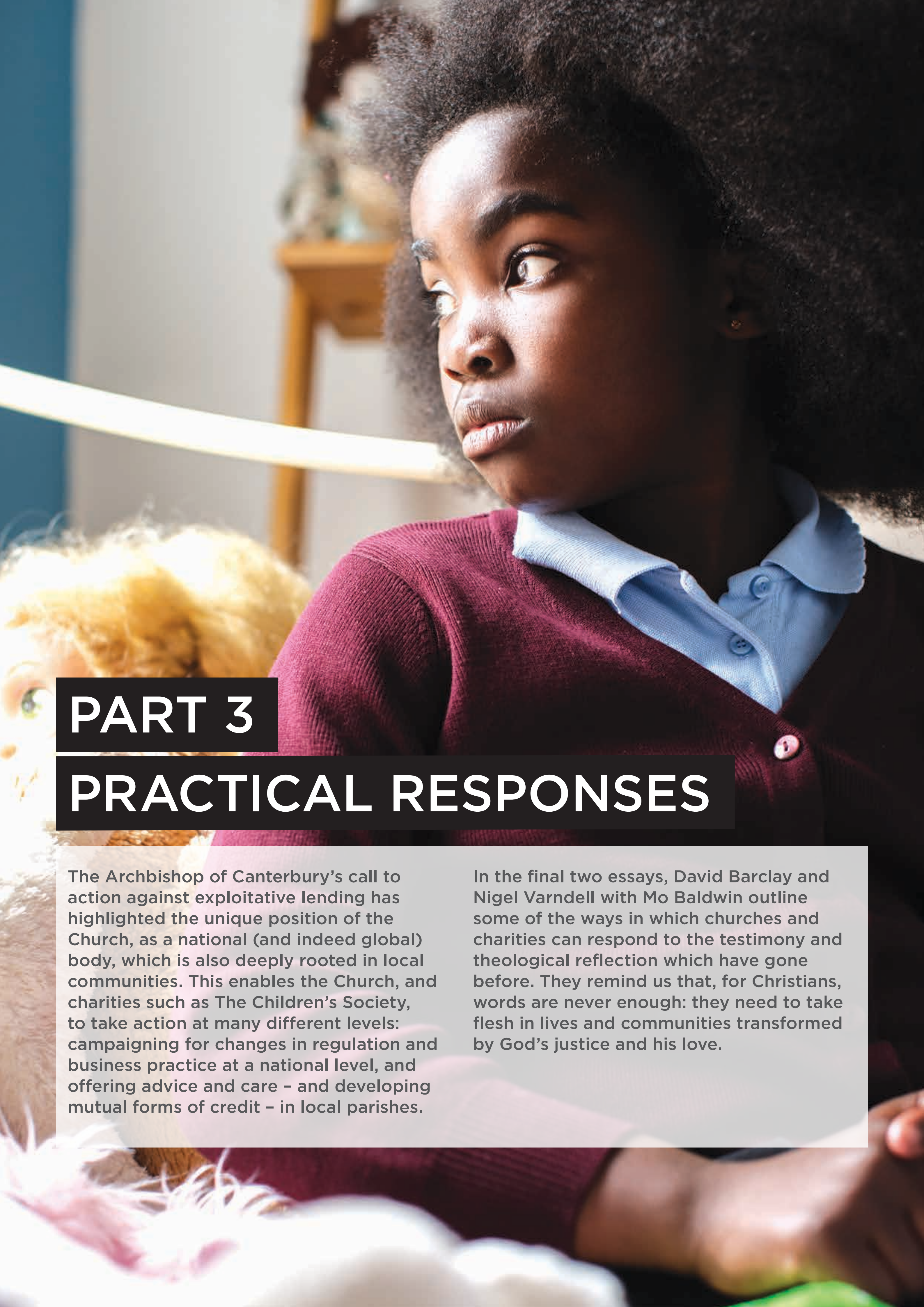
A truly biblical commitment to 'family values' cannot avoid these economic issues. Royston's essay reminds us that relationship breakdown is a key contributor to family poverty. The causation runs in both directions. In a review of research on the issue, the Institute of Education observed, 'Financial hardship and the stress it induces can both contribute to family breakdown and is often a consequence of it.'[31]

'Relationship breakdown' is undoubtedly an important causal factor in child poverty, but that cannot be an excuse for evading the issues – so clear a focus in Scripture – of how wealth is hoarded or distributed. If we care about supporting two-parent households, we need to tackle the financial pressures that are so corrosive of relationships.

## Conclusion

Luke Bretherton's essay on page 10 reminds us that the Mosaic texts about lending and borrowing cannot be treated as theologically peripheral. Debt, and freedom from debt slavery, stands at the very heart of the story of salvation. The same is true of the biblical teaching on Jubilee, which Jesus places at the heart of his mission when he first preaches in the synagogue at Nazareth (Luke 4.16-19).

To use Brueggemann's phrase, both sets of teachings pose 'the contemporary question of whether economic power is to be curbed in the interest of maintaining and enhancing the human fabric of society'. Children are a vital part of that 'human fabric', and Royston's essay shows how much damage is being done to them by the dysfunctions of our current economic order. Today, children and young people bear a very heavy burden; the burden of misfortunes and choices for which they bear no responsibility. Unless we want injustice to cascade down the generations, we need to heed the call of Scripture and place money at the service of human flourishing.



# PART 3

# PRACTICAL RESPONSES

The Archbishop of Canterbury's call to action against exploitative lending has highlighted the unique position of the Church, as a national (and indeed global) body, which is also deeply rooted in local communities. This enables the Church, and charities such as The Children's Society, to take action at many different levels: campaigning for changes in regulation and business practice at a national level, and offering advice and care – and developing mutual forms of credit – in local parishes.

In the final two essays, David Barclay and Nigel Varndell with Mo Baldwin outline some of the ways in which churches and charities can respond to the testimony and theological reflection which have gone before. They remind us that, for Christians, words are never enough: they need to take flesh in lives and communities transformed by God's justice and his love.

# Local church action on debt

**David Barclay**

**The following stories have been drawn from the work of the Contextual Theology Centre, a charity based in East London which helps churches engage with their communities.**

## Introduction

The causes and effects of debt are rarely simple, and even less so where families and children are involved, so we should expect the response of local churches to be equally varied and diverse. Yet it is important, as much as possible, to learn the lessons of churches who have already gained experience of working on this issue, to see where efforts have been fruitful and to try to extract principles which can be applied equally in any context.

The churches that we have been working with on money and debt issues have tended to focus their energy on three main areas:

**1) Campaigning**
Many families are either forced into debt or have their situations exacerbated by the unscrupulous practices of businesses such as payday lenders. The rules in the UK governing what these lenders can and can't do are some of the weakest in the developed world, so it's no surprise that many churches have been involved in campaigning for better protection from exploitative lending.

**2) Money management and debt advice**
A growing number of churches are taking up one of a number of successful Christian debt advice models to offer practical support to people in their time of need. Many others run money management courses to try and help people with budgeting and other skills, which might protect them and their families from slipping into debt in the first place.

**3) Working with credit unions**
Another area where churches have been particularly pro-active is in taking up the Archbishop of Canterbury's invitation to partner with local credit unions. This has proved a successful way for many to promote a culture of savings as well as increasing access to affordable credit for those who need it.

The following stories are intended to put flesh on the bones of what work on these areas might look like. I will then go on to draw out some of the key principles which have made these churches' work so successful.

## Local campaigning against exploitative lending

St John's Church in Hoxton began to engage its congregation on the issue of money and debt in the summer of 2013, with the help of a student intern who was working there for a month. On her final service before she left she organised a 'Money Talk', a simple facilitated conversation about people's experiences of money and financial services and what they would like to see changed locally.

The issue of debt and its impact on families and children came up straight away, with a single mother describing the way her payday loan had left her needing to use child benefit to try and cover the repayments. Although she'd been faithfully paying back for over a year, the interest rate was so high that she still hadn't been able to repay the whole loan.

Another member of the congregation then shared that her son had taken out a payday loan and the company had started taking more money from his bank account than he owed, causing huge stress to the whole family. Although that situation had been resolved, it left the whole congregation wanting to take action to prevent more local people from falling victim to such exploitative practices.

Inspired by the story of Plymouth Council banning payday loan adverts from all public spaces, the church joined with other local institutions involved in the Citizen's UK Alliance to set up a petition asking their council to follow suit. They learned that if they received over 800 signatures before Christmas, the council would be forced to consider the issue at their first meeting of the New Year. But Christmas was just around the corner and so a huge effort was going to be needed to gather enough signatures. So contacts were called, emails were sent, doors were knocked, and just before the deadline, there was a pile of petition papers with just over 860 signatures from all across the borough.

Having reached their target, the local leaders decided that they couldn't just post the petition and forget about it; they wanted to make sure the council really got the message. And so a cabinet member (a council leader) was asked to meet a delegation to officially

receive the petition. With the petition wrapped up as a Christmas present, and the vicar of St John's ready with a Santa costume, the stage was set for a wonderful piece of local political drama.

The group met the cabinet member on the steps of the town hall and presented him with the petition. In a light-hearted but profound reversal of the normal power dynamics, the cabinet member was asked by 'Santa' if he'd been a good boy that year. Then, right before the petition was presented to him he was asked to listen to the stories which had first been aired at the St John's 'Money Talk' several months before. He promised to take the matter to his colleagues for discussion and, after a meeting with the deputy mayor in the New Year, all parties agreed, in writing, that payday loan advertising would be banned on any council-controlled space.

**THINK** – Who in your local community has the power to protect and inform people about the dangers of exploitative lending? How could your church begin a conversation with them?

## National campaigning against exploitative lending

The Christian Centre is a Pentecostal church in Nottingham which has set up a charity called 58i to help the church to engage with issues of poverty in the local area and beyond. The church is an active member of Nottingham Citizens, an alliance of civil society organisations who campaign together on issues of the common good. This alliance undertook a listening campaign in 2012 to discover the most pressing issues affecting people in their institutions.

One of the stories they came across was of a young man who had been brought up in care and had fallen into trouble with payday lenders, ending up with over a dozen loans from different companies. Angry at the way this vulnerable young person had been treated, Nottingham Citizens created an action team to work on issues of money and debt.

The action team discovered that in Canada the kind of terrible situations their listening had uncovered would never have happened because regulation on payday loan companies prevents them selling products to those who already have an outstanding short-term loan. The team also discovered that The Money Shop, one of the UK's most prominent payday lenders, operate happily in Canada under these voluntary regulations and have their British headquarters in Nottingham. So a plan was hatched to raise awareness about the situation in Canada and start a dialogue with the Money Shop about changing their UK practices.

On Canada Day (1 July), groups in Nottingham, South and East London all demonstrated on their high street with Canadian flags, maple syrup and Mountie costumes. Their aim was to attract press coverage about the need for better regulations in the UK and to win a meeting with The Money Shop's head of corporate affairs. They were successful on both counts, with ITV covering the story and a date agreed with The Money Shop executive. Although The Money Shop ultimately refused to change their practices, the Canada Day action became a part of the bigger narrative of pressure on the UK Government which has now led to a wide-ranging new set of regulations for payday lenders, which came into force in April 2014.

**THINK** – How could your church put pressure on your local MP to review the case for tighter restrictions on loan advertising seen by children?

## Setting up a debt advice centre

St John's church in South London had seen their community slowly changing before their eyes as local business after local business closed down and were replaced by payday lenders or betting shops. But with all the hustle and bustle of parish life, they felt that they'd need some help to stir themselves and their neighbours up to make change happen on an issue that was clearly rising up local people's agenda. So they raised the funding from a charitable trust to employ a part-time church-based community organiser to develop the congregation's power to act and connect with others on issues of money and debt.

Upon arrival in the area this community organiser spent the first few weeks conducting research on the local economy. They mapped out the various local financial services which included banks, pawnbrokers, loan companies and money transfer services. The community organiser visited these companies and spoke to members of staff and managers about the services they offered, their eligibility criteria and their perspectives on other service providers. This experience gave them a real insight into the way payday lenders and others operate, and the pressure they put people under to take loans quickly, without asking too many questions or looking at the small print.

The next step was to build relationships with the congregation using a technique known as 'one-to-ones'. These are relational meetings designed to help people build relationships of mutual understanding which can lead to common action. These meetings allowed the community organiser to identify leaders with the passion and energy to take action, often driven by personal experiences of debt and poor financial services.

This has led to the creation of a small group from the church to work with other local congregations on the possibility of setting up a Christians Against Poverty debt advice centre. This group has recently gone on a training session to learn how these centres help people and their families who are suffering from the crippling effects of debt. The church has also begun to engage with the local council on their financial resilience strategy, making sure that church members and other local residents play an active role in promoting opportunities for people to develop their money management skills and to join the local credit union.

**THINK** – What local research would you need to do to assess the possible need for more debt advice in your community?

## The Church Credit Champions Network

Many churches have been inspired by the Archbishop of Canterbury's invitation to partner with local credit unions in order to compete with high cost payday lenders. This task of supporting credit unions raises a strategic challenge about how to match the varied resources and capacities of local churches with the multiple different needs of credit unions across the country in a way that doesn't duplicate or waste energy and resources.

The Contextual Theology Centre is working with the Church Urban Fund to help solve this issue through a Church Credit Champions Network. The network will help churches to engage on the issue of borrowing and saving in their community and then train and support them to improve access to affordable credit in the most effective way in their context. This could involve churches working together to set up pop-up branches of their local credit union, providing skilled volunteers for board positions or persuading local businesses to set up payroll deduction savings schemes for their employees.

Our initial aim is to establish networks in London and Liverpool, which will focus on supporting a small number of key affordable credit providers with a track record of success and a shared vision of eradicating exploitative credit in their community. The vision of the network goes well beyond these areas, however, with plans for a wider rollout through the Church Urban Fund's Joint Ventures Network.

**For more information on the Church Credit Champions Network and how your church could get involved email: davidb@theology-centre.org**

## Partnering with a credit union

In the past, people hadn't really liked to talk about money at St Thomas' church in East London, apart from occasionally being asked for more of it. This meant that the church didn't know how many of its families were suffering from debt problems including pay-day loan repayments and compounded penalty fees, as well as zero-hours contracts, sub Living Wage employment, exorbitant fuel charges and threatening calls from privately contracted bailiff firms regarding unpaid bills.

Talking together at a 'Money Talk' brought mutual recognition and opened the door to relationships of greater trust and power. As they shared their stories they also began to see how their experiences were reflected in the wider community and mirrored, too, in the pages of the Bible. But what could they actually do in a small parish in a poor area with only limited resources?

St Thomas' were fortunate to have within their church community a gifted leader who helped them do three things. First, he helped deepen those conversations around the power of mutual aid and the importance of 'tethered capital'. Then he brokered contact with the local credit union and encouraged parishioners to train as volunteers to staff a weekly pop-up clinic in our community room. Finally, he has helped the church see how it could become an anchor institution for the wider community.

In practical terms this means that they now have a small team that goes door-knocking across the local estates and streets of the parish to find out about people's needs and tell them about the services of the credit union. It also means that they are looking for ways to constitute this emerging network as an alliance of civil society associations all within walking distance of the church door.

**THINK** – How good is the relationship between your church and your local credit union? How could it be improved? If you need help finding your local credit union go to **www.findyourcreditunion.co.uk/home**

## Building a local alliance

St Philip and St James' is a small church in a former mining village in County Durham. Resources are scarce in terms of people and money, but there is still plenty of faith in God's goodness and hope for their area. Recognising that they don't have the capacity to develop big projects by themselves has helped St Philip and St James' to see the importance of working with other local stakeholders wherever they can be found.

Crucial to this has been engaging with the local parish council, which has good links with local schools and housing associations. A church member who sits on the council arranged for a 'Money Talk' event to be held, exploring the issue of money, debt and financial services and trying to create a roadmap for common action. One of the issues that came up most prominently was the cost of heating and the isolation that many older people feel, which can exacerbate financial issues. As a result, a scheme was set up to provide blankets for elderly neighbours who might be struggling with their heating bills going up.

Plans are also now being developed for a partnership between the church, parish council and local credit union which could see the church building being used as an access point for people to develop savings and apply for loans. While progress hasn't always been quick or painless, the patient efforts of St Philip and St James' members are starting to pay off. And as one parishioner says, 'if we can do it and get stuck into our community with our resources, there's no excuse for any other church not to!'

**THINK** – What other organisations in your community might have an interest in the issue of debt and its impact on children and families? How might your church build an alliance with them?

## Principles for faithful and effective action

Although these stories have covered a range of contexts and issues, there are common threads which suggest a few key themes for faithful and effective church action on debt.

### 1) Start by listening

It is vitally important that churches don't leap straight into action without first taking the time to listen to the experiences and passions of local people. Whatever the statistics may say, it's the stories of real people that really motivate others to action, and so there are no shortcuts through an initial conversation about money and debt. This isn't easy, as many people may be reluctant to talk openly about their financial situations. One tool which many churches have found helpful in opening up this conversation is the 'Money Talk'.[32] It's also important for churches to listen to God and to Scripture on this issue, and so the Seeing Change course[33] looks at the story of Nehemiah and its implications for local churches wishing to be involved in 'rebuilding' their communities today.

### 2) Find leaders and manageable issues

As well as creating a space for a conversation about experiences of money and debt, the other key feature of a 'Money Talk' is that it allows churches to identify leaders and manageable issues to work on. Sometimes the topic of debt can be overwhelmingly large, and there are no silver bullets to magically increase people's income or make life substantially cheaper. This means that churches will have to break down the question into smaller chunks that lend themselves more easily to practical action. That could be on the behaviour of payday lenders, on encouraging people to join the credit union, or in providing debt advice services to people locally. Whatever the pressing issue is, it will require leadership from members of the congregation to see it through to completion. Finding and developing leaders doesn't just happen by accident; it takes time and energy to build people's confidence and skills. But the rewards can be huge as a church's capacity to engage in the local community expands and as new leaders in turn find others to join in.

### 3) Act with others wherever possible

The final lesson from the above stories is undoubtedly that of strength in numbers. Where churches have limited capacity or big ambitions, they have only been able to make progress through developing relationships with other Christian and civil society organisations. The Canada Day action is a case in point, generating interest in the media and in government only through concerted action across a number of locations. Enacting this principle might mean plotting out those institutions in your community which have the power to help before starting any projects, and then meeting key individuals in those institutions to discover what their interests are and how they might be persuaded to act on issues of money and debt.

### 4) Evaluate and tell your story

However big or small a church's targets are for action on money and debt, it should always create the space to evaluate how successful its efforts have been. Taking the time to do this and being honest about what has happened is crucial if the church's long-term engagement in the community is going to be as fruitful as possible. And if the results have been good, it's vitally important to try and broadcast the story and lessons learned as far as possible in order to encourage and inspire others to follow.
The Children's Society would love to hear more stories about what is happening across the country on this issue, so if you'd like to get in touch please do by emailing:
**campaigns@childrenssociety.org.uk**

# Putting money in its place

**Nigel Varndell and Maureen Baldwin**

In responding to the essays in this collection there are three questions that confront the church and The Children's Society that require some careful consideration:

1. How do we know when personal debt and credit, such integral features of our modern economy, have become pernicious?

2. What is the compelling moral case for the church to act?

3. What can the church contribute?

It is the answers to those three theological questions that have helped inform The Children's Society's *Debt Trap* campaign, which is described at the end of this essay. But before trying to explore what a suitable response might be, it is worth looking at these questions in more detail.

Luke Bretherton reminds us in his essay, that the Bible has a great deal to say about the power of money. In biblical times wealth was traditionally held in land and goods, not in money, so wealth, and the dangers posed by its accumulation, are the primary focus of biblical theology rather than money itself.

However, to properly understand notions of debt and credit and their theological importance, some appreciation of a theology of money is essential. What is also clear from these essays is that we have to consider the effect of debt on those other than the debtor. The burden of debt traps the whole family with its impact felt across all aspects of their lives and has a particularly detrimental effect on the development of children.

## Money and relationships

One of the constants across a broad range of theological perspectives, from conservative evangelical to Roman Catholic social teaching, is that human life is fundamentally relational. We are born to live in community and in communion with other people and with God. In fact we are made for each other. Who we are is defined not by something intrinsic to us, but is in part dependent upon our interactions with others and with God. These webs of mutuality are about give and take and they are about living graciously and generously with each other. In this way, our human flourishing depends upon the relationships that nourish and support us and in turn we help the flourishing of our neighbours in the way that we relate to them.

But what is also clear when reading the contributions to this collection is that money is also about relationships. As Luke Bretherton points out:

**‘To be a lender and borrower are good things. To be a lender and a borrower is to be situated within economic relations of inter-dependence, cooperation and mutual responsibility that reflect the God given pattern of life set out in Scripture. To lend and borrow is to be drawn into real relationships that demand we have to negotiate a common life in which my flourishing is dependent on the flourishing of others.’**

What this means is that money and the way we use money is profoundly theological, because the way we use and relate to money has something to do with how we live as relational beings made in the image of a triune God. How we use our money has an impact upon our relationships, drawing each other into mutually supportive partnerships that allow flourishing. When this happens, the lending and borrowing of money is good and a genuine expression of human solidarity and inter-dependence.

## Debt and personal relationships

However, as these pages also make clear, there comes a point in relationships of credit and debt where the fundamental purpose of money, to encourage human flourishing, gets lost. When this happens, the impact on relationships mediated by finance becomes destructive, a fact that is clearly drawn out in the witness section of this paper, and the longer Debt Trap policy report that accompanies it.

What the evidence shows, time and time again, is that debt, when it gets out of control, can damage children’s well-being, through the undermining of human relationships. This can happen at many levels:

By impacting on parental relationships, brought under strain by the psychological stress of dealing with unpayable debts:

**‘I think you become much more introvert because you are so concerned with the immediate problems of, you know, ‘Can I find another pay day company tomorrow morning at 2 o’clock?’ […] and yes, it does affect your family, your relationship.’**

By the damaging effects of debt on relationships between generations:

**‘We used to have like family meetings like once a month or something and then we planned to go out like cinema. But we don’t really do that anymore.’**

On relationships between children and their peers through the social ostracism or bullying of children who lack the financial resource to join in their peer’s social activities:

**‘A couple of friends can go to the cinema quite often and some can go ice skating quite often. And I have loads of friends who do a lot of sport, like figure skating stuff… and I’ve come to realise that you do need to pay quite a lot of money to do that. It’s like I’ve never really been able to do those things… It does make me quite jealous a lot of the time but I know that there’s nothing I can do about it.’**

At its most pernicious, debt can result in parents having to cut down on the essential goods they need for themselves and their children, breaking the relationship of trust between parents and children that relies on adults having the ability to provide for their offspring.

**‘We’re living on a very basic food budget. You know? The kids don’t have so much meat as they used to have… If we want something like a pair of trainers, you know, we eat a lot more mushrooms.’**

It is when debt escalates to the point that it undermines rather than reinforces mutual human flourishing that we know that money has exceeded the theological role that it is supposed to fulfil. It is at this point that we have to acknowledge that debt has become destructive.

## Children

But there is an additional complexity in this matter that has been highlighted in Angus Ritchie’s essay. Here we are reminded that some principles, ie that people are morally culpable for the consequences of their actions, become impossible to apply when the individuals who bear the burden are not responsible for the decisions in the first place. As Angus Ritchie says in his essay:

**'Even if you thought that it was 'paternalistic' to protect adults from the negative consequences of their 'free' economic choices, the situation seems very different in the case of children and young people. Intuitively at least, it seems wrong that they should bear so heavy a burden for choices they did not make.'**

It is perhaps here where we find the clearest moral case for the church to intervene. As Angus Ritchie points out, there is a balance to be struck between the duty of the borrower to repay money they owe and the lender not to abuse the power that they have in a situation of poverty and desperation. Yet, where children are bearing the brunt of the situation, it is clear that power is being abused by the creditor even if it is unintended.

In such situations, where power is being abused to the detriment of human life and flourishing, then there is a compelling moral case for the church to step in. This is not to say that children are the sole ethical criteria for the church to act when debt has become destructive, but simply to recognise that this additional moral complexity adds urgency to an already problematic situation.

It is surely here that the church finds the clearest moral clarion call to action.

## Prophetic and pragmatic

There is a final difficult question, which is to unpick how the church should respond to the issues that extreme personal debt throws up. At one level there is a need for immediate pastoral care for the families who are affected, to provide debt counselling and advice and access to affordable credit. But if the church restricts itself to acting on issues of debt amelioration alone it will have failed in its task. It is not enough to simply deal with the problem after it has arisen.

The challenge to the church has always been to balance the pragmatic with the prophetic. To merely deal with debt issues after they have occurred is to allow a system that causes harm to families and children to persist. As ever the call on the church is one for discernment, to understand when the church must spend time and effort to care for those who have been hurt by problematic debt and when to challenge a system that allows the problem to persist at the expense of society as a whole.

That balance between prophetic and pragmatic action is one that The Children's Society have attempted to discern in the policy changes that we suggest need to take place and form a part of our campaign. Providing counselling and affordable sources of credit will be good news for people in debt or who need to access credit that will not cripple their future financial circumstances. We need to challenge systems that allow people to fall into debt in the first place; to try and ensure an adequate welfare safety net, so that financial shocks do not cause families to fall into the debt trap; and to ensure that children do not learn everything about money from the advertisements of loan companies.

Any action by the church is inevitably conditional, as we begin to engage with issues of debt and credit, new theological questions will suggest themselves and we will learn more from children and families who are affected. The Children's Society campaign will evolve as the political and financial landscape shifts but one thing is clear, the commitment to make money and credit work in the interests of human flourishing must always remain.

## Policy recommendations

### 1. Reducing the harm to children caused by problem debt

**Providing 'Breathing Space' for families with problem debt** – too often, when families are struggling with repayments, the response from creditors is unhelpful. ***The government should work with creditors and the free debt advice sector to develop a breathing space scheme*** giving struggling families an extended period of protection from default charges, mounting interest, collections and enforcement action. This would help families adjust and recover from income shocks and may help lone parents in particular.

**Every local authority should have a debt collection strategy which includes measures to address the impact of collection on children** – we know that some local authorities have worked hard on good debt collection practice, but our survey shows that still far too many families in arrears feel poorly treated. Given that local authorities are central to delivery of policy and services aimed at child well-being, this should be a priority for change.

**The government should work with third sector organisations such as The Children's Society and StepChange Debt Charity to review the adequacy of protection for families with children against debt enforcement** – including reviewing protections for children from harm caused by evictions, bailiffs and court action. For instance, while homelessness law would generally treat families with children as in priority need for re-housing, there is little additional legal protection against debt related eviction for private tenants with children.

### 2. Reducing the impact of problem debt on families

**Creditors and service providers need to have 'early warning systems' in place to identify potential problem debt**s – 84% of families in problem debt said they would have liked access to more or earlier support with their debts. If families get the right support as soon as debt begins to become a problem, this can help to minimise the impact on their children. Service providers and creditors should have to demonstrate to regulators that they have 'early warning' systems in place to ensure they are aware when customers are facing financial difficulty and offer free and high-quality advice and support.

**Families should be able to 'opt in' to alternative payment arrangements for Universal Credit** – monthly benefit payment periods, and payment of housing costs direct to social rented sector claimants put considerably more emphasis on families to take responsibility for managing their money. However, alternative payment arrangements will be available for some families who would struggle with this. We believe that families should be able to opt in to these arrangements for themselves, where they believe they would otherwise be at risk of falling into problem debt.[34]

**The government need to develop a strategy for improving access to affordable credit for families** – families were twice as likely to have borrowed from a high interest money lender than from a credit union, to pay for essentials like food and fuel. We need to ensure that families have access to credit which is affordable when they really need it. The government should work to bring together local welfare assistance schemes, credit unions and high street banks, to improve access to affordable credit for low income families.

### 3. Early interventions to prevent problem debt

**The government should review the case for tighter restrictions on loan advertising seen by children** – only one in five children aged 10-17 thought that their school had taught them about money management and debt, and yet more than half of the same group of children said that they saw advertising of loans often or all the time. Children and young people should learn about borrowing, credit and debt from their school and family, not from lenders advertising on television.

**Piloting savings accounts for children via credit unions or other providers** – local authorities in both Glasgow and the London Borough of Haringey are providing secondary school children with 'seed money' in a Credit Union account to get them saving. The government should establish a wider trial of credit union accounts, including linking this in to financial education in schools, to establish the effectiveness of this approach in promoting savings to young people.

Much more can be done to reduce the likelihood of families being caught in a debt trap. But this will require a concerted action from government, regulators, creditors and advice providers to address every stage of the development of problem debt for families. This means limiting the likelihood of families getting into difficulty and giving them the help they need to escape if they do.

# Notes

1. For this paper, problem debt is understood as being in arrears on a household bill or credit commitment.
2. The Children's Society and StepChange Debt Charity, The Debt Trap: Exposing the impact of problem debt in families, 2014. www.childrenssociety.org.uk/thedebttrap
3. StepChange Debt Charity is an independent charity dedicated to overcoming problem debt in the UK.
4. The Children's Society and StepChange Debt Charity, The Debt Trap: Exposing the impact of problem debt in families, 2014. www.childrenssociety.org.uk/thedebttrap
5. StepChange Debt Charity commissioned online survey from YouGov. Weighted sample: 4442 GB adults. Fieldwork: 17–20 December 2013.
6. The Children's Society and StepChange Debt Charity, The Debt Trap: Exposing the impact of problem debt in families, 2014.www.childrenssociety.org.uk/thedebttrapp
7. Attributing a ranking of one to four out of 10 from 'very unhappy' to 'very happy'.
8. William Shakespeare, Hamlet, act 1 scene 3.
9. Francis Watson, *Text, Church and World: Biblical Interpretation in Theological Perspective* (Edinburgh: T & T Clark), pp. 68–70. As Watson points out, what was an emergency measure, a state of exception, becomes a permanent ordinance that indentures the people while wrapping itself in the cloak of humanitarian concern.
10. Odd Langholm, *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power* (Cambridge: Cambridge University Press, 1998).It is worth noting that, as Odd Langholm points out, the question of what constitutes compulsion and the issue of whether a voluntary act was really done under duress is central to the definitions of and debate around usury.
11. Genesis 47.18-19.
12. Gregory Chirichigno, *Debt-Slavery in Israel and Ancient near East* (Sheffield: Sheffield Academic Press, 1993); Isaac Mendelsohn, *Slavery in the Ancient near East: A Comparative Study of Slavery in Babylonia, Assyria, Syria and Palestine from the Middle of the Third Milennium to the End of the First Milennium* (New York: Oxford University Press, 1949).
13. David Baker, *Tight Fists or Open Hands? Wealth and Poverty in Old Testament Law* (Grand Rapids, MI: Eerdmans, 2009), p. 140.
14. For an extended reading of this text as a declaration of Jubilee see John Howard Yoder, The Politics of Jesus, 2nd edn (Grand Rapids, MA: Eerdmans, 1994), pp. 60–75. Yoder includes the Lord's Prayer as a call for the proper practice of Jubilee with its use of the word *aphiemi* in the statement: 'remit us our debts as we ourselves have also remitted them to our debtors.' Ibid. P.62.
15. This is developed in a number of theologies of atonement. For example, Ambrose's *De Tobia* constitutes a complex allegory of sin and salvation that uses freedom from debt-slavery and the practice of usury as its central motif.
16. David Mealand, *Poverty and Expectation in the Gospels* (London: SPCK, 1980), pp. 46–53.
17. Samuel Loewenstamm 'neshek and ma/tarbît,' *Journal of Biblical Literature* 88:1 (1969), 78–80; Baker, *Tight Fists or Open Hands?*, p. 260. There is some dispute over what kind of interest *neiek* represented and how it differed from *tarbît*. On this see Jacob Milgrom, Leviticus 23–27 (New York: Doubleday, 2000), pp. 2209–2210.
18. Albino Barrera, *God and the Evil of Scarcity: Moral Foundations of Economic Agency* (University of Notre Dame Press,2005), p. 54.
19. Chirichigno, *Debt-Slavery in Israel and Ancient near East*, p. 142.
20. Walter Houston, 'What's Just About the Jubilee? Ideological and Ethical Reflections on Leviticus 25,' *Studies in Christian Ethics* 14:1 (2001), 34-47. On the debate surrounding the interpretation and dating of the Jubilee legislation see Baker, Tight Fists or Open Hands?, pp. 166–173.
21. Leviticus 25.35-38; Deuteronomy 15.1-11. On the provisions for mandatory lending see Barrera, *God and the Evil of Scarcity*, pp. 97–99.
22. Joseph Fitzmyer, *Essays on the Semitic Background of the New Testament* (Grand Rapids, MI: Eerdmans, 1997) pp. 161–180. It is often asserted that the New Testament contains no judgement as to the morality of usury. However, such a claim is rendered implausible if the New Testament teachings on the proper use of money are located within a broader understanding of the significance of debt and debt slavery in salvation history. Such an understanding makes explicit the continuity between Old and New Testaments concerning the judgment against usury. This kind of assertion also fails to reckon with the contextual background to the parables and teaching that explicitly mention usury. For example, Joseph Fitzmyer draws out how the prohibition against usury forms the key dramatic background to the parable of the dishonest manager in Luke 16.1-13 and is consistent with Old Testament teachings.
23. John Calvin, *Commentarii in Libros Mosis necum in Librum Josue* (Amsterdam, 1567), p. 527. Quoted from and translation by Kerridge, Usury, Interest and the Reformation, appendix 1.
24. From Calvin's 1575 letter to Claude de Sachin. Quoted from translation by André Biéler, *Calvin's Economic and Social Thought*, trans., James Greig (Geneva: WCC Publications, 2005), p. 404. In his commentary on Psalm 15 Calvin repeats this observation and goes on to compare the usurer to a bloodsucker and murderer. Ibid., p. 413.
25. Derrida points to the ambiguity in the word drug/*pharmakon* in his study of Plato's Phaedrus. He notes how the term pharmakon – meaning a drug – can signify both a remedy and/or a poison. A *pharmakon* can be – alternately or simultaneously – beneficent and maleficent. Jacques Derrida, *Dissemination*, trans. Barbara Johnson (London: Athlone Press, 1981), p. 70.
26. See especially Krish Kandiah, 'Six theological theses on the family and poverty' in Angus Ritchie (ed), *The Heart of the Kingdom* (The Children's Society, 2013).
27. Walter Brueggemann, *Reverberations of Faith: A Handbook of Old Testament Themes* (John Knox Press, 2002), 115.
28. Tess Ridge, 'Children's experience of poverty' in *The Heart of the Kingdom*. www.childrenssociety.org.uk/what-you-can-do/your-church/theology-and-heart-kingdom
29. UNICEF, *An overview of child well-being in rich countries*, 2007.
30. See Angus Ritchie and Paul Hackwood, *Just Love: Personal and Social Transformation in Christ* (Instant Apostle, 2014), pp. 57–61 for the origins of the Living Wage campaign, and the importance of Catholic Social Teaching on labour and on family life in its development.
31. Ann Mooney, Chris Oliver and Marjorie Smith, *Impact of Family Breakdown on Children's Well-Being: Evidence Review for the Department for Children, Schools and Families* (Thomas Coram Research Unit , Institute of Education, University of London, 2009), online at http://dera.ioe.ac.uk/11165/1/DCSF-RR113.pdf
32. More information on how to run one of these can be found on the Contextual Theology Centre's website at www.theology-centre.org.uk/wp-content/uploads/2013/04/062_Seeing-Change-Money-Talk.pdf
33. www.theology-centre.org.uk/sharing/courses-and-resources/
34. We note a similar recommendation from a recent inquiry from the Work and Pensions Select Committee - House of Commons Work and Pensions Committee (2014) 'Support for housing costs in the reformed welfare system' page 49: 'We recommend that the government allow vulnerable tenants to opt in to having their housing costs support paid direct to their landlords if this is their preference, at least for the first few years of a UC claim'.

# Biographies

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## Get involved

Find out more: **www.childrenssociety.org.uk/debttrap**

Find worship and prayer resources on debt by subscribing to the free monthly prayer email: **www.childrenssociety.org.uk/prayer_email**

Follow us on twitter: **@ChildSocChurch** **@childrensociety**

Please invite everyone in your church to join us too.

# Support for The Debt Trap campaign

Parents living in poverty face incredibly difficult choices. What is to come first? Heating your home or putting food on the table? Many choose to go without themselves so they can provide the basics for their children. Parents want to make the best choices for their family, but low wages, expensive childcare and inflexible jobs make this very difficult.

When the monthly struggle to pay the bills becomes too much, often families think they have no option but to borrow money to provide the basics for their children. We need to make sure families living in poverty have somewhere to turn other than to usury-lenders.

Shockingly, in many of these families one or more of the adults are actually in work. So many of these problems would be eased if workers were paid a living wage.
**The Most Reverend & Right Honourable Dr. John Sentamu, Archbishop of York**

Drawing upon much thorough and painstaking research, this report makes explicit what has long been suspected: that when a family or single parent falls into debt, the consequences for children can be devastating – materially, emotionally, psychologically and socially. As a fellowship deeply committed to seeing children grow and flourish, the United Reformed Church enthusiastically commends this report – not only because it clearly describes the present situation but because it suggests practical ways to change it.
**Revd Dr Michael Jagessar, Moderator of the General Assembly of the United Reformed Church 2012–14**

Debt is a hot issue and this work by The Children's Society places children at the centre of the debate. Not only does this report offer comprehensive new data, it presents us with a pause for thought and a call to action, challenging Christians to work together to enable people to find their way out of the debt trap.
**Revd Stephen Keyworth, Faith and Society Team, Baptist Union of Great Britain**

In the last year a third of families with children have had to borrow money for essential purchases such as food or heating. Many families are struggling and need to borrow to get by – and for some debt this becomes a trap which they cannot escape. This report paints a graphic picture of ordinary families living ordinary lives being driven towards unaffordable debt – debt which can ruin children's lives. But most importantly this report shows us that, with action from government, creditors and regulators this situation can change for the better.
**Revd Ruth Gee, President of the Methodist Conference**

Families across the country are struggling: they face incredibly difficult choices between heating their homes and putting food on the table, often parents themselves going without in order to provide for their children. It is all too easy for families in this situation to think that they have no option but to borrow money, just so they can provide the basics for their children. Yet, for many, debt can quickly spiral out of control and just makes their situation impossible to escape. Helping families in problem debt has to be part of the Church's mission to tackle poverty in our own communities.
**Rt Revd Terence Brain, Bishop of Salford Chair of Trustees, Caritas Social Action Network**

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End the damage to children

The Children's Society

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