

CANCEL THE DEBT!

Periodically for a thousand years, from Sumer, Babylonia, and other Near Eastern countries, when new rulers took the throne, they would begin their reign with a debt amnesty. We're familiar since medieval times for European rulers often freeing the prisoners when they came to power. But the amnesties in Sumer and Babylonia extended to everything that was owed to the palace. They were general cancellations of personal debts, mainly agrarian debts by cultivators – citizens who also manned the military.

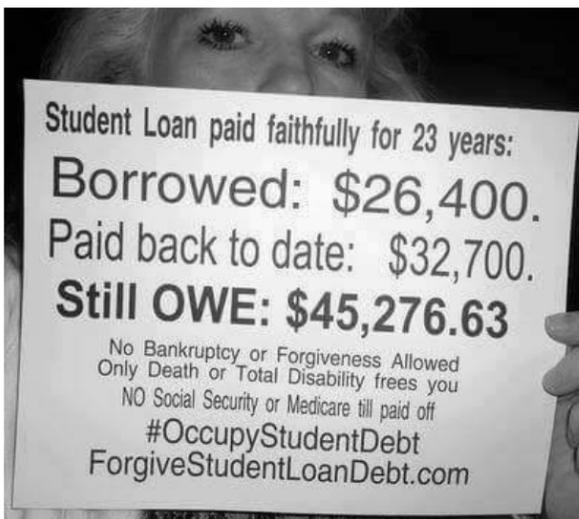
The guiding logic of these debt cancellations was spelled out by Egyptians. If rulers had *not* cancelled these debts, they would have faced a situation in which indebted cultivators were falling into permanent bondage. Their labor would have been pledged to their creditors, and thus would not be available to perform the corvée labor that had to be mobilized each year to build basic infrastructure – walls, temples, palaces and other basic construction that was public or communal in character.

The big picture therefore is that for thousands of years you have a tension between centralized authority, which needed to preserve economic balance and wanted the population (and hence, the army) to keep growing, and wealthy creditors, traders and land buyers who made gains by impoverishing the rest of the population. That was the same dynamic found in early Greece and Rome. In fact, it's a dynamic that you still have today.

The difference is that today's governments have been taken over and captured by creditor interests. The result is that today's ethic is the opposite of the first few thousand years of debt. Today's ethic, ever since Rome, is a sanctity of debt, not of its cancellation.

Debt problems arose even before interest came to be charged. But obviously, once you begin to charge interest, debt expands exponentially at a geometric rate. Babylonian scribes were taught to calculate these doubling times. There's no question that when it began, the objective was not to find a way to impoverish society, polarize it and impose austerity. But that's how matters ended up. Interest was innovated in the Sumerian temples and palaces, basically in the form of trade credit. The palace consigned export and import trade to entrepreneurs. Sumer – present-day Iraq – had very rich soil, deposited by rivers over the millennia. But it didn't have hard stone, metal or gems. So Sumer had to trade in order to get the copper and tin that gave their name to the Bronze Age.

This trade had to be financed on credit. The palace and the temples employed war widows, children, the blind and other people who couldn't make a go of things on the land. They were set to work to weave textiles or make other handicrafts, which were turned over to traders. These traders exported these handicrafts northwest to Turkey and eastward across the Iranian plateau. That's



how the Sumerians obtained the tin, copper and other raw materials, like stone and silver.

Most of the earliest monetized transactions were public in character. In almost ancient society – not only Indo-European speakers, but also Semitic-speaking and other ancient Near Eastern societies – the basic kind of debt that had to be paid was *wergild*: a fine for injuring other people, paid to the victims. The largest fine was for manslaughter. Punching them in the nose, or cutting off their beard or insulting them was subject to such *wergild* debts.

The logic was explicit. In order to prevent fights among families – feuds and feud justice based on physical retaliation – you would pay reparation. That was the primordial archaic debt. The word for these payments or “debt” in many languages (in German it's *Schuld* for obligation) also became the word for “sin.” The debt was owed to *atone* or the offense or “sin” – atonement or redemption. You would redeem the injury you did to another person by paying money. So the paramount idea was a debt was a payment for offence and the offence later became thought of sin. Redemption meant literally to redeem this debt so to pay it. That is why Jesus was called the Redeemer – annulling the debts and also the sins of mankind in a vast Clean Slate.

So it's not that running into debt was sinful. It's just the reverse: When you commit an offence or a sin, you have to pay the injured party to make them whole, so that there won't be resentment and fighting between the families of the offender (the “sinner-debtor”) and the victim (who in this case is in the position of “creditor”). The original semantics of sin and debt linguistically is therefore just the opposite of what most people believe.

Christianity began as a protest movement.. We know from the Dead Sea Scrolls that what Jesus wanted to do was just what he announced in the first sermon that he gave. It is reported in Luke, Chapter 4. He said “I've come to proclaim the year of the Lord,” meaning the Jubilee Year. He unrolled the scroll of the Prophet Isaiah that described the Jubilee Year.

He said that the rabbis who opposed to be cancelling debts – the Pharisees, a conservative group of rabbis led most notably by Hillel – had developed a special clause that was similar to what the Babylonians creditors had tried to do. It was called the *prosbul* clause. A debtor who needed money would have to sign a waiver saying, “I agree not to avail myself of the rights that the Bible promises me in the Jubilee Year. So if the debts are cancelled, I waive my rights and the creditor can foreclose anyway.”

At that time the great social fight not only in Judea but also in Greece and Rome was between debtors and creditors. There was a region-wide civil war. There were assassinations of Roman pro-debtor advocates such as the Gracchi brothers in 133 BC. A century of civil war followed, in which even Julius Caesar, who enacted a modest debt reform, was killed. Sparta's King's Agis and Cleomenes were killed for cancelling the debts. There were armed uprisings throughout Greece and Asia Minor over this. The wise Athenian Solon made his reputation cancelling debts and bringing home Athenian's sold abroad.

This was a universal fight. But somehow, the economic message of Jesus has been taken out of context. It is as if what he was talking about was otherworldly. But he was talking about something very worldly – the debt issue. Jesus wanted to restore the debt cancellation as it was supposed to be according to Leviticus 25.

Later rabbinical scholars in medieval Spain, most notably Maimonides, urged the observance of the Jubilee Year. So Hillel's *prosbul* was not universal among the rabbis. But for the last 2000 years there's been a rabbinical argument over this. Until my Harvard group began to publish its findings about 20 years ago, you had a general prejudice among Biblical historians that the Jubilee year couldn't really have been enforced because it would have caused economic disaster. When you look at 2000 years of Sumerian, Babylonian and Egyptian practice, the moral was that **if rulers didn't cancel the debts, there would be an economic and fiscal disaster.**

The idea of debt amnesties was to prevent debt from tearing society apart – to prevent the kind of crisis that the United States has been in since 2008, when President Obama didn't cancel the junk-bond debts, or the debts that tore the Greek economy apart Greece when the IMF and Europe imposed them on Greece instead of letting it default on debts owed to French and German bondholders.

The great struggle of antiquity is being repeated today. Whether society is going to insist on the sanctity of debt being imposed to a degree that impoverishes most of the population – or that economic stability should be restored by subordinating the debts to the ability to pay, and the ability of society to keep operating on a viable basis.

-Michael Hudson
Left Out podcast

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