

# Just Economics for Liberation and Life

## Interfaith Message on Just Finance, Debt and Reparations

16 October 2020

### Background and rationale

The COVID-19 pandemic continues to wreak havoc on many lives around the world, and while it is too early to comprehend the full impact of the pandemic, it is evident that this crisis is deepening the debt burden of many poor and middle-income countries.

As part of the New International Financial and Economic Architecture (NIFEA) initiative, the World Council of Churches (WCC), World Communion of Reformed Churches (WCRC), Lutheran World Federation (LWF) and Council for World Mission (CWM) convened an Interfaith E-consultation on Just Finance and Reparations on 02, 12 and 16 October 2020 to dialogue with and learn from diverse faith perspectives and to deepen interfaith cooperation on economic justice.

All our faith traditions have a vision for a just and compassionate world. Inspired by such a vision, our different faith traditions reflected on human greed and economic life as well as the role of money and finance in society. While debt may have once been seen within the matrix of mutual obligation in society, it has shifted, with time, to unjust interest-demanding systems of usury. This has been exacerbated by the ongoing coronavirus pandemic and climate change, which have come on top of the legacies of colonisation.

Gathering Bahá'í, Buddhist, Christian, Hindu, Islamic, Jewish and Rastafarian voices, the interfaith e-consultation addressed the following questions: What do our faith perspectives have to say on the issue of debt and how it affects people's lives? How can international financial structures be made to align with our faith-rooted values and visions? What kind of proposals can we put forward for debt action and securing a post-COVID-19, post-debt, post-growth, and life-affirming future for all?

This joint message captures faith reflections on just finance and reparations, identifies common ground and calls for urgent action to tackle the debt crisis and to build more just, reparative, and restorative financial and economic structures.

### Reading the context

We, the participants of the NIFEA Interfaith E-consultation on Just Finance and Reparations, are bound together by our common concern for our brothers and sisters who are suffering from the COVID-19 pandemic and its far-reaching socio-economic consequences. The pandemic is aggravating already scandalous levels of inequality and sharpening the experience of hunger, impoverishment, joblessness, homelessness, and indebtedness — as well as the negative consequences of pollution, climate change and environmental degradation — for billions of people

all over the world, particularly for those who are marginalised on account of their skin colour, gender, ethnicity, and social class.

The COVID-19 pandemic has brought the issue of sovereign debt in the spotlight for obvious reasons: mounting a response to the intertwined health and economic crises and ensuring a just and sustainable recovery require tremendous resources. Many countries in the Global South are now confronted with the impossible dilemma of servicing debt on the one hand or saving lives, resorting to more borrowing, and sliding deeper into a debt trap on the other. As the global economic recession deepens, debt defaults are projected to spiral.

Debt is about power. Throughout history, debt has been used by the political and economic elite to control, generate and distribute resources, as well as to discipline communities. In the present milieu, debt has been weaponised through harsh and unrelenting austerity measures imposed on indebted countries by international financial institutions and national and private creditors, resulting in weakened social support and public healthcare systems that are now struggling to cope with an unprecedented global health crisis.

Ultimately, debt is a moral and spiritual issue. Across religious boundaries there is a sense that faith expressions cannot be delinked from material, social and political aspects that so powerfully shape whether people live or die. Therefore, it is necessary that we revisit the question of “who owes whom” and call our political economy into accountability by drawing from our various faith perspectives.

## **Faith perspectives on debt and faith-rooted visions of alternative financial systems and economies**

From a Bahá'í perspective, the two luminaries of consultation and compassion should guide approaches to address the debt crisis. All institutions and structures are meant to advance the wellbeing of humanity and the whole, rather than have humanity be sacrificed for the good of institutions. The COVID-19 pandemic has exposed the insufficiency of the systems we have been using and the assumptions underlying them – notwithstanding the utility they once had – and provides an opportunity to turn the economic machinery towards justice, rather than profit.

Buddhist teachings see craving (*tanha*) and attachment (*upadana*) as the foundation of all suffering. Craving is an affliction (*kilesa*) based on a sense of inadequacy born of ignorance (*avijja*). On a systems level, the present economic paradigm sees humans as separate from and having dominion over nature. Changing this view begins with understanding sufficiency or contentment (*santutthi*), reducing craving (*tanha*), and being joyful with what we have. Still, it is essential to go beyond the personal and recognise that suffering is caused by injustice and inequality on a larger scale. From a Buddhist perspective, the debt crisis is part of a system of economic suffering flowing from the personal level to the international level. Economic activity that creates consumerist lifestyles, built on debt and amplifying greed, cannot offer safety and serenity. Dharmic economics is a Buddhist vision based on the discovery of natural systems (*dharma*) that co-exist interdependently, rather than most modern economics systems that feed on craving and ignorance.

From a Christian location, the organisations sponsoring the NIFEA initiative have highlighted calls for reparation, both as compensation for the losses and continuing costs of enslavement and colonisation as well as the costs and impact of climate change. This flows from the logic of the biblical figure, Zacchaeus, who realises he is implicated in colonial exploitation and, in his confession for this, seeks to make reparation fourfold for his unjust profit (Luke 19:1-10). This is a further part of the following words from the Lord's Prayer taught by Jesus, "And forgive us our debts, for we ourselves forgive everyone indebted to us" (Luke 11:4). The subsequent interpretations across Christian history and traditions of this text serve as a reminder of how the spiritual dimension of forgiveness of sins is inextricably interlinked with the very material dimension of cancellation of monetary debts, and addressing the systems which create the conditions of enslavement and bondage to debt.

Within the matrices of mutual obligation, a Hindu worldview sees debt as a form of obligation, an "ungiven" debt." All humans operate from a perspective of a threefold moral debt (*Rinatraya*). This debt is owed to divinity, reinterpreted as our obligation to nature gods or the environment; to ancestors, reinterpreted as future generations and lineages through our children; and finally to sages, in other words an obligation to transmission and growth of knowledge and those who provide it. This provides a counternarrative to modern forms of international debt which are extractive and exploitative. Within the conditions of hierarchy, the notion of "sheltering" is one way that the powerful relate to those who have little power. Taking from the example of nature (*Prakruti*) that shelters everyone, this idea when carried to the fiscal world requires the powerful to morally shelter and care for others not so endowed. Hindu teachings mention the way society should function during times of crisis (*Apathdharma*). The primary emphasis is sustenance of life and livelihoods before every other law, natural or divine.

In the Islamic tradition, justice as understood through the Arabic key-word *Adl* is rooted in the restoration of balance (*mizān*) and the redressal (*iṣlah*) of disparities and unfair advantage. The Quran [Qur'an 2:275-279] denounces the falsity that conflates fair trade (*bay*, which is permitted by God) with usury (*ribā*, which is forbidden by God). It advocates the giving up of any ill-gotten wealth gained through interest and other forms of overt or covert usurious practices, including unfair trade treaties and business deals. Islam further affirms charity (*ṣadaqah*), and indeed, *mutual magnanimity* (*iḥsān*), as the antithesis of interest, usury and all other forms of exploitative business, economic, monetary, and financial structures. Such structures and contracts are ruled as invalid (*batil*) in Islamic Transactional Law (*mu'amalah*) due to the inbuilt systemic oppression (*ẓulm*) of the disadvantaged party. In safeguarding the public good (*maṣlahah*), even seemingly or formally bona fide structures are proscribed when they generate "negative externalities". Enjoining repentance for the sin of usury and all other forms of exploitation, this verse clearly states: "Oppress not and you will not be oppressed". Hence, the Islamic tradition advocates for transactional laws that ensure justice, magnanimity, transparency, fairness, mutuality and equity in all commercial and monetary dealings without exception, and thereby promoting an economy of right livelihoods for the common good amongst all nations and peoples.

The Jewish tradition, drawing from the Hebrew Bible, strongly rebukes charging interest and warns against the harmful consequences of disobeying this prohibition (Exodus 22:24, Leviticus 25:36-37, Deuteronomy 23:20-21, Ezekiel 18:8, 18:13, 18:17, 22:12, Proverbs 28:8, Psalms 15:5). The practices

of *Shmita* (Sabbatical, every 7<sup>th</sup> year) and *Yovel* (Jubilee, every 50<sup>th</sup> year) highlight the divine commands to release labourers (including non-human animals) from work, from debt, and from slavery to ensure social equity in society. But beyond that, debt forgiveness and reparations are closely related as freed workers are to be compensated for their labour. Land is to be redistributed, radically resetting an economic system where wealth is inherited generationally. These norms that connect both labour and land from the Jewish tradition provide us with fresh ways to read ancient scriptural texts, offer points of contact with other faith traditions, and inspire collective action in addressing the current economic and ecological crisis.

Rastafari centres the need to embrace the traditions of our African ancestors along with revising the pessimistic narratives surrounding the African continent and its people. In Rastafarian thinking, decolonisation and the transformation away from hegemonic white supremacist logic and foundation are essential for achievement of freedom from the current enslaving financial systems. The latter systems are anchored in Eurocentric international neo-colonial institutions which still run on the exploitation and servitude of others. There is urgency to move from capital/money-centred to labour/people-centred thinking in achieving reparatory justice.

We recognise that organised religions have been captured by dominant cultural, state, and corporate interests and so have been complicit in injustice and the propping up of systems of exploitation and violence, colonialism and slavery included. Therefore, we acknowledge this message is a message for our own religious institutions and systems as well as our financial and economic institutions.

## **Transforming the international financial architecture through decolonisation**

Mindful of the deep inequalities and injustices facing our world and the highest values in our religious and spiritual traditions, we call for a reimagining of finance and economics from the perspective of those oppressed by these systems, so that economies can deliver deep freedoms for all our communities and not outrageous profits for the very few.

Our gathering highlights the urgent need for system change if our financial structures are to be just and resource economies that nurture life and deliver prosperity for the most vulnerable.

We need to repair the harm caused by an international financial system which has overburdened former colonised and enslaved peoples with debt and trade rules which unfairly favour the former colonising and enslaving nations. There is reparation to be paid by those who continue to exploit and enjoy the inbuilt advantages given to them by a long history of colonisation and the privileges afforded them as the key architects of an unjust financial system.

International financial institutions have perpetuated neo-colonial economic dependency, through onerous conditions and policies that are required for loans and grants, among other measures. Through structural adjustment they have called for the privatisation of social services and the relegation of development to the market. This has impeded social development, ecological sustainability, diversification, employment and ultimately, the political independence of many countries.

The International Monetary Fund (IMF) and the World Bank (WB) seem to believe that economic development, aimed at growth and poverty reduction, only needs the right calibration to achieve progress for all. But, in fact, these institutions in practice continue to favor the conditions for accumulation of capital in already powerful countries and among the elites of the Global South.

Release from the enslaving, impoverishing history and power of money and capital means making reparations, including re-envisioning the structures of economic governance and asserting the freedom to live, not the freedom to exploit. It is time for the IMF and World Bank – and historically colonial nations – to understand their own responsibilities. New structures and institutions need to be put in their place which make reparations for the injustice of neo-colonialism in the economic system today. Central to this is dismantling the unsustainable and unjust debt placed on less powerful countries. Our global financial system needs to account for the racism and history of colonialism which shape the values, practices and profits of that system.

Predicated on the maximisation of profit, the present financial system continues to sacrifice life in the pursuit of this goal. It is therefore with the keeping of all of life in mind that we envision democratic, participatory and accountable international financial institutions; a moving away from financial structures that are based on the principles of interest and usury to economies of care, mutuality and solidarity; and the development of systems of reparation and restitution.

More concretely, we join together in amplifying calls for international financial institutions and governments to:

1. Provide the means to alleviate and release countries from their historic debt burdens, exacerbated by the COVID-19 pandemic, as well as promote various forms of non-debt funding structures based on mutuality and equity.
2. Assure adequate funding for low- and middle-income countries to enable their governments to tackle the COVID-19 crisis, building the resilience and livelihoods of people and communities, but also as social and ecological reparations for historical debts.
3. Pursue taxation reform as a primary means of mobilising public resources. There is need for special taxes on the super-wealthy, equity and hedge funds, as well as on multinational, e-commerce and digital corporations that have profited during the crisis, together with measures to curb tax evasion and avoidance.
4. Expand and extend Special Drawing Rights (SDR) allocations for the benefit of the countries in the Global South to fund the COVID-19 pandemic response and recovery.
5. Establish a comprehensive, fair, transparent, and timely international debt restructuring mechanism to address sovereign insolvency. This mechanism must be empowered to audit sovereign debts and to cancel odious and illegitimate debts that are contracted fraudulently or by despotic regimes without public consent, charge usurious interest, involve repayment at huge social and ecological cost, or finance socially- and ecologically-damaging projects.
6. Reject austerity policies and, instead, provide social protection floors and systems that safeguard against the socio-economic fallout of the present and future crises.
7. Renew international financial institutions that would deploy funds in times of crisis without structural adjustment conditions; whose actions would not be dominated by the rich or vested-interest groups; and whose policies would be equitable and responsive to the social and ecological consequences of financial activities at different levels.

In alignment with these calls, we reaffirm the liberative elements in our various faith traditions that call us to right relationships that are founded on justice, responsibility, compassion and solidarity. They remind us that economics is a means rather than an end, that wellbeing cannot be construed with material accumulation, and that provisioning and care for human beings and all of life, rather than profit, must be at the centre of any economic system. In solidarity with one another, we advocate a shared vision for a world where all of life can flourish in freedom, fulfillment, and peace, liberated from unfair debt.