

Escaping Debt Slavery

by Dr. Robert D. Hosken, www.Discover-Original-Christianity.info/debt.htm

The noisy “Occupy Wall Street” outcry of “the other 99%” failed to recognize one basic fact: the poor have been marketed to, cajoled and pressured into giving much of their income to the bankers and investment “gurus” of Wall Street by taking out long-term loans at compound interest, in effect becoming slaves to the moneylenders. How did this come about?

In the Law of Moses we read – “*In the seventh year you must declare a cancellation of debts. This is the nature of the cancellation: Every creditor must remit what he has loaned to another person; he must not force payment from his fellow Israelite, for it is to be recognized as 'the LORD's cancellation of debts'*” (Deut. 15:1-2). And in v. 12 – “*If your fellow Hebrew – whether male or female – is sold to you and serves you for six years, then in the seventh year you must let that servant go free.*” Because after six years the creditors were commanded to cancel debts and free their slaves, this was intended to ensure that lenders made no more than six-year loans. Why? Because they knew the magic of compound interest over longer terms.

So later, Nehemiah and Jeremiah had to confront the wealthy in Israel, because they had enslaved the poor by extending their loans, and would not release them according to the Law of Moses – see Neh. 5:1-12 and Jer. 34:13-17. The wise Solomon wrote – “*The rich rule over the poor, and the borrower is servant to the lender*” (Prov. 22:7). Today we say – “*The borrower is the lender's slave.*” This can eventually spiral into a total financial collapse: see Is. 24:1-6. In the New Testament we read: “*Owe no one anything, except to love one another*” (Rom. 13:8a); and “*Stand firm therefore in the liberty by which Christ has made us free, and don't be enslaved again with a yoke of bondage*” (Gal. 5:1). But it is easy to slip back into bondage, both spiritual and economic. Although slavery was abolished in both Russia and the United States in the 1860s, history tells us that the rich and powerful devised ways to bring the poor back into de facto slavery by controlling the flow of money to and from the poor.

After WWII, millions of soldiers and sailors came home, got married and started the “baby boom.” They needed houses for their new families, so the bankers obliged by pushing 30-year mortgages. Before the war, very few people took out long-term home mortgages, but with the “baby boom” these loans exploded, and later, credit card and student loan debts. Economics 101 teaches you that loans allow banks to actually create “new money” out of thin air at a rate of about 5 or 6 times of the banks' deposits. By 1971, this post-war explosion of new money forced the U.S. to abandon the Gold Standard, because there simply was not enough gold in Fort Knox to back up all of this newly-created money (much of this new money going to the “rich 1%”).

Ever since then, the Federal Reserve and banks have been creating huge amounts of new money every year, so that we've grown accustomed to seeing our personal income increase in dollars, but be eaten up by inflation. The answer, however, is to not just complain about the rich, but to reduce the compounding of interest! As <http://www.bretwhissel.net/cgi-bin/amortize> (source of figures below) will show, **77%** of your payments are interest the first year of a 30-yr. 5% mortgage, and you've only paid **1.5%** on the principal. By the 6th year **74%** of your payments have been interest, and even after **15 years 68%** of your payments have been interest. It's like paying rent: the rich make their profits up front, and you pay off most of your principal only at the end of the loan. Let's see how this works by comparing two young men, Sam and Bill, both college grads at age 22:

Sam marries and they buy a cozy \$75,000 2-bdrm. co-op unit on a 6-year loan at 5%, guaranteed by Sam's parents:

Loan amt.	Monthly payment	Total paid in 6 yrs.
\$75,000	\$1207.87	\$86,966.66

(only principal & interest shown, figures do not include property taxes & insurance.)

after 6 yrs.: \$0.00 principal bal. \$11,966.66 int. (**16%**)

(At age 28, another 6-yr. loan at 5%...

Then Sam & wife put \$75K equity in a \$175K home:

Loan amt.	Monthly payment	Total paid in 6 yrs.
\$100,000	\$1610.49	\$115,955.28

after 6 yrs.: \$0.00 principal bal. \$15,955.28 int. (**16%**)

(At age 34, another 6-yr. loan at 5%...

Then Sam & wife put \$175K equity in a \$300K home:

Loan amt.	Monthly payment	Total paid in 6 yrs.
\$125,000	\$1342.05	\$96,627.60

after 6 yrs.: \$0.00 principal bal. \$19,944.64 int. (**16%**)

(At age 40, Sam's

\$300,000 home is paid for, at a total \$47,866.58 int. (16%)

... Sam sends the kids to private universities, semi-retires at age 50, rents out his house, and devotes the rest of his “working” life to missionary service.

Bill marries and they buy a nice \$200,000 3-bdrm. house on a 30-year loan at 5%, guaranteed by Bill's parents:

Loan amt.	Monthly payment	Total paid in 6 yrs.
\$200,000	\$1073.64	\$77,302.08

after 6 yrs.: \$179,870.95 prin. bal. \$57,173.03 int. (**74%**)

...and another 30-yr. loan at 5%:

Then Bill & wife put \$20K equity + \$5K in a \$250K home:

Loan amt.	Monthly payment	Total paid in 6 yrs.
\$225,000	\$1207.85	\$86,965.20

after 6 yrs.: \$202,354.36 prin. bal. \$64,319.56 int. (**74%**)

...and another 30-yr. loan at 5%:

Then Bill & wife put \$43K equity + \$7K in a \$300K home:

Loan amt.	Monthly payment	Total paid in 6 yrs.
\$250,000	\$2013.12	\$144,944.64

after 6 yrs.: \$224,838.61 prin. bal. \$71,446.21 int. (**74%**)

... but at age 40, Bill must pay another 24 years, sends the kids to tech. college, and

at age 64 has... \$0.00 prin. bal. \$233,141.28 int.

\$300,000 home is paid for, at a total \$347,408.56 int. (116%)

Who would you rather be: a “Sam” who pays the banks **\$47K** in interest, or a “Bill” who pays the banks **\$347K** in interest? You can gain this same “six year loan” advantage by paying an additional principal payment each month on your mortgage. It pays for you to **follow God's laws** and avoid long-term debts – by doing this, you help yourself and help reduce inflation.