

Are Bahá'ís Allowed to Carry Debt?

By Susan Gammage ¹

Let's start by looking at Bankruptcy:

The Baha'i principle concerning bankruptcy

From time to time the National Spiritual Assembly [USA] receives inquiries from Local Spiritual Assemblies or individuals asking whether it is permissible for a Baha'i to file for bankruptcy.

A Bahá'í has the right as a citizen to avail himself of the laws pertaining to the payment of debts and thus is entitled make use of the provisions concerning bankruptcy.

When faced with such a possibility, a Bahá'í. should, of course, obtain competent legal counsel.

However, such a problem must be viewed in the light of the Bahá'í Teachings. Shoghi Effendi wrote: "Our debts, however, should be considered as sacred and take precedence over any other thing for upon this principle does the foundation of our economic life rest."

In the Tablet of the True Seeker, Bahá'u'lláh has counselled: "He should not wish for others that which he doth not wish for himself, nor promise that which he doth not fulfill."

These writings indicate the supreme importance of honouring our commitments. For a Bahá'í, fulfilling a financial obligation is to be regarded as a sacred responsibility.

Consequently, the Bahá'í position on bankruptcy is that although the courts may absolve one of debts, a Baha'i's moral and spiritual obligation to redeem his debts continues. (The U.S. Bahá'í National Review, Issue 114, September 1980.

<http://www.h-net.org/~bahai/diglib/Periodicals/NBR/115.pdf>

Can we borrow money?

Yes, even 'Abdu'l-Bahá had to borrow a large sum of money to facilitate a move of the Bahá'ís from Akká to Egypt:

Many of the Bahá'ís of 'Akká needed financial support to be able to abandon, even for a short while, their homes and their means of living. 'Abdu'l-Bahá Himself borrowed a large sum of money from an American in Paris, to facilitate their move to Egypt. (H.M. Balyuzi, 'Abdu'l-Bahá - The Centre of the Covenant, p. 112)

The settlement of debts is a most important command:

There are, indeed, differences among a person's debts in relation to the calculation and payment of Ḥuqúqu'lláh. With regard to computation, debts are, naturally, to be offset against assets. With regard to priority of payment, one should take into

¹ Prepared by David Bowie (2023) for posting, with permission of author, at https://bahai-library.com/gammage_various_essays

account the terms of a loan. If a schedule of payments has been specified, and one will be able to meet them from anticipated income when they are due, one should, of course, pay one's Ḥuqúqu'lláh in the meantime. If, however, one cannot meet the payment of both, the debt must take precedence. (Universal House of Justice, Ḥuqúqu'lláh, 2009 amended edition, #71.1)

We must consider our debts as sacred and take precedence over any other thing, including making contributions to the Cause:

Our debts, however, should be considered as sacred and take precedence over any other thing [i.e., payment of debts comes before contributions to the Cause] for upon this principle does the foundation of our economic life rest. (Shoghi Effendi, Principles of Bahá'í Administration, p. 20)

Even though Shoghi Effendi would urge us to sacrifice as much as possible for the Fund, he discouraged us from incurring debts for that purpose. We are asked to give what we have, not what we do not possess, especially if such an act causes suffering to others.

Even though Shoghi Effendi would urge every believer to sacrifice as much as possible for the sake of contributing towards the fund of the National Assembly, yet he would discourage the friends to incur debts for that purpose. We are asked to give what we have, not what we do not possess, especially if such an act causes suffering to others. (Shoghi Effendi, Lights of Guidance, p. 251, #842)

Effects of Debt

Inter-governmental debts have imposed a severe strain on the masses of the people; upset the equilibrium of national budgets; crippled national industries, and led to an increase in the number of the unemployed:

That inter-governmental debts have imposed a severe strain on the masses of the people in Europe, have upset the equilibrium of national budgets, have crippled national industries, and led to an increase in the number of the unemployed, is no less apparent to an unprejudiced observer. (Shoghi Effendi, The World Order of Bahá'u'lláh, p. 35)

The need to pay back our debts

Bahá'u'lláh tells us we need to settle our debts with all diligence and application:

Those who incur debts should strive to settle them with all diligence and application. (Bahá'u'lláh, The Compilation of Compilations vol II, p. 336, #2047)

'Abdu'l-Bahá tells us that the secret to paying back debts is to first obtain spiritual health, which is conducive to physical health:

I hope thou wilt become as a rising light and obtain spiritual health—and spiritual health is conducive to physical health—so that thou mayest be enabled to liquidate thy debts and be strengthened to attain the blessing of the Forgiving Lord. (Tablets of 'Abdu'l-Bahá v2, pp. 305-306)

Shoghi Effendi felt so strongly about paying back money owed, that more than once he refused to allow those who he knew were in debt to make the pilgrimage, saying he must first pay his debts:

Economy was a very rigid principle with Shoghi Effendi and he had very stern ideas on money matters. He more than once refused to permit an individual to make the pilgrimage who he knew was in debt, saying he must first pay his debts. (Rúhiyyih Khánum, The Guardian of the Bahá'í Faith, p. 57)

The House of Justice tells us that even if we owe money to Covenant-Breakers, we are still to pay it back:

If a Bahá'í owes a debt to a person who breaks the Covenant he must be sure that it is repaid and that his obligations are met. (Universal House of Justice, Lights of Guidance, p. 186, #611)

Before calculating our Right of God, we must first pay our debts:

In determining the amount a believer should pay, he should first deduct any debts and expenses he may have, and pay nineteen per cent of the remainder of his capital if it is equal to at least nineteen mithqáls of gold. (Universal House of Justice, Huqúqu'lláh, 2009 amended edition, #55)

How Do We Pay Our Debts?

God has promised that if we do the following, His confirmations shall descend and we will be enabled to pay off our debts.

- trust in God
- engage in our work
- practice economy
- always be occupied with the mention of Bahá'u'lláh
- seek no other hope and desire save God

Trust in God and engage in your work and practice economy; the confirmations of God shall descend and you will be enabled to pay off your debts. Be ye occupied always with the mention of Bahá'u'lláh and seek ye no other hope and desire save Him. ('Abdu'l-Bahá, Bahá'í World Faith, p. 375)

Can we charge interest on loans?

Yes, it is lawful and proper to charge interest on money, and it should be treated like any other business transaction:

Therefore as a token of favour towards men We have prescribed that interest on money should be treated like other business transactions that are current amongst men. Thus, now that this lucid commandment hath descended from the heaven of the Will of God, it is lawful and proper to charge interest on money, that the people of the world may, in a spirit of amity and fellowship and with joy and gladness, devotedly engage themselves in magnifying the Name of Him Who is the Well-Beloved of all mankind. (Tablets of Bahá'u'lláh, p. 133)

It would be hard to find anyone to loan money without being able to charge interest:

One can seldom find a person who would manifest such consideration towards his fellow-man, his countryman or towards his own brother and would show such tender solicitude for him as to be well-disposed to grant him a loan on benevolent terms.² (Tablets of Bahá'u'lláh, p. 133)

If there were no prospect for gaining interest, the affairs of men would suffer collapse or dislocation:

As to thy question concerning interest and profit on gold and silver: Some years ago the following passage was revealed from the heaven of the All-Merciful in honour of the one who beareth the name of God, entitled Zaynu'l-Muqarrabín — upon him be the glory of the Most Glorious. He—exalted be His Word—saith: Many people stand in need of this. Because if there were no prospect for gaining interest, the affairs of men would suffer collapse or dislocation. (Tablets of Bahá'u'lláh, p. 133)

However, we're forbidden to overcharge or extort money:

We have, according to the text of the Book, forbidden unto all men the practice of usury. (Bahá'u'lláh, The Summons of the Lord of Hosts, p. 200)

Instead, determining how much interest to charge must be based on justice, moderation and fairness:

Many ecclesiastics in Persia have, through innumerable designs and devices, been feeding on illicit gains obtained by usury. They have contrived ways to give its outward form a fair semblance of lawfulness. They make a plaything of the laws and ordinances of God, but they understand not.

However, this is a matter that should be practised with moderation and fairness. Our Pen of Glory hath, as a token of wisdom and for the convenience of the people, desisted from laying down its limit. Nevertheless We exhort the loved ones of God

² Such loans as bear no interest and are repayable whenever the borrower pleases

to observe justice and fairness, and to do that which would prompt the friends of God to evince tender mercy and compassion towards each other. He is in truth the Counsellor, the Compassionate, the All-Bountiful. (Tablets of Bahá'u'lláh, p. 134)

Collecting money owed

Lenders must give their debtors respite until they have the ability to pay back what is owed:

These matters, however, depend on the existence of ability, for the making of a demand is contingent upon ability to meet it. By the Lord of the Book, the former is not permissible in the absence of the latter. To this testifieth the Verse: "Respite thy debtor till he findeth means to pay." (Bahá'u'lláh, The Compilation of Compilations vol II, p. 336, #2047)

The Right of God is also considered a debt and Bahá'u'lláh tells us we need to first pay our obligation to it before going on pilgrimage:

Therefore it beseemeth thee to meet thine obligation to the Right of God first, then to direct thy steps toward His blessed House. This hath been brought to thine attention as a sign of favour. (Bahá'u'lláh, Ḥuqúqu'lláh, 2009 amended edition, #2)

Even after our death, we must ensure our debts to lenders and to the Right of God are paid before settling the estate:

Outstanding debts and payments of Huqúq should be settled from the remainder of the estate, but if this is insufficient for the purpose, the shortfall should be met from his residence and personal clothing. (Bahá'u'lláh, The Kitáb-i-Aqdas, p. 130, #80)

Debts are to be paid back in the following order: the cost of burial, then debts, then the Right of God:

Question: Which is to take precedence: the Ḥuqúqu'lláh, the debts of the deceased, or the cost of burial.

Answer: Funeral and burial take precedence, then settlement of debts, then payment of Huqúqu'lláh. (Bahá'u'lláh, The Kitáb-i-Aqdas, p. 109, #9)

If our estate is not sufficient to pay our debts, they are paid in proportion to their size:

Should the property of the deceased prove insufficient to cover his debts, the remainder of his estate should be distributed among these debts in proportion to their size. (Bahá'u'lláh, The Kitáb-i-Aqdas, p. 109, #9)

If we aren't able to honor all of our debts, God will pay due recompense:

Verily He is the One Who will pay due recompense, the All-Rewarding, the All-Generous. (Bahá'u'lláh, Lights of Guidance, p. 306, #1039)

Consequences of not paying money back

Anyone who has the ability to settle his debts and doesn't do it has not acted in the good pleasure of God:

In connection with the demands for payment of which thou hast written in thy letter, it is manifestly clear that anyone who hath the ability to settle his debts, and yet neglecteth to do so, hath not acted in accordance with the good pleasure of the one true God. (Bahá'u'lláh, The Compilation of Compilations vol II, p. 336, #2047)

Paying back our debts is a matter between us and God. No one can lose their voting rights for not liquidating their debts:

Your Assembly should not deprive him of his voting rights ... because he cannot, or will not, liquidate his debts. (Shoghi Effendi, NSA USA - Developing Distinctive Bahá'í Communities)

Advantages in paying back our debts

Paying our debts is a way to demonstrate trustworthiness, uprightness and the honouring of rights:

God's binding commandments with respect to trustworthiness, uprightness and the honouring of rights have been recorded in clear and perspicuous language in all the sacred Books, Tablets, Scriptures and holy Writings. (Bahá'u'lláh, The Compilation of Compilations vol II, p. 336, #2047)

If we expect forgiveness from God, the first pre-requisite is to conduct ourselves honestly:

The Guardian suggests that you contact Mr. Perdu, and press him to discharge his debt to the believer in Fiji whom he has so grievously wronged, pointing out to him that surely, if he expects any forgiveness from God, the first pre-requisite is to conduct himself honestly. (Shoghi Effendi, Messages to the Antipodes, p. 323)

Well it is with those who are trustworthy in this area:

Well is it with him whom the fleeting vanities of the world have not deprived of a lasting adornment, and whom avarice and negligence have not shut out from the illumination of the sun of trustworthiness. (Bahá'u'lláh, The Compilation of Compilations vol II, p. 336, #2047)

When we pay our debts, God will double our portion through the heaven of bounty:

God grant that all men may be graciously aided to observe that which the Tongue of the One true God hath uttered. And if they put into practice what We have set forth, God—exalted be His glory—will assuredly double their portion through the heaven of His bounty. Verily He is the Generous, the Forgiving, the Compassionate. (Tablets of Bahá'u'lláh, p. 134)

Conclusion:

I'd like to end with a story told by 'Abdu'l-Bahá of the kind of steadfastness he expects of us, in paying back our debts:

I had a servant who was black; his name was Isfandíyár. If a perfect man could be found in the world, that man was Isfandíyár. He was the essence of love, radiant with sanctity and perfection, luminous with light. Whenever I think of Isfandíyár, I am moved to tears, although he passed away fifty years ago. He was the faithful servant of Bahá'u'lláh and was entrusted with His secrets. For this reason the Shah of Persia wanted him and inquired continually as to his whereabouts. Bahá'u'lláh was in prison, but the Shah had commanded many persons to find Isfandíyár. Perhaps more than one hundred officers were appointed to search for him. If they had succeeded in catching him, they would not have killed him at once. They would have cut his flesh into pieces to force him to tell them the secrets of Bahá'u'lláh. But Isfandíyár with the utmost dignity used to walk in the streets and bazaars. One day he came to us. My mother, my sister and myself lived in a house near a corner. Because our enemies frequently injured us, we were intending to go to a place where they did not know us. I was a child at that time. At midnight Isfandíyár came in. My mother said, "O Isfandíyár, there are a hundred policemen seeking for you. If they catch you, they will not kill you at once but will torture you with fire. They will cut off your fingers. They will cut off your ears. They will put out your eyes to force you to tell them the secrets of Bahá'u'lláh. Go away! Do not stay here." He said, "I cannot go because I owe money in the street and in the stores. How can I go? They will say that the servant of Bahá'u'lláh has bought and consumed the goods and supplies of the storekeepers without paying for them. Unless I pay all these obligations, I cannot go. But if they take me, never mind. If they punish me, there is no harm in that. If they kill me, do not be grieved. But to go away is impossible. I must remain until I pay all I owe. Then I will go." For one month Isfandíyár went about in the streets and bazaars. He had things to sell, and from his earnings he gradually paid his creditors. In fact, they were not his debts but the debts of the court, for all our properties had been confiscated. Everything we had was taken away from us. The only things that remained were our debts. Isfandíyár paid them in full; not a single penny remained unpaid. Then he came to us, said good-bye and went away. ('Abdu'l-Bahá, Promulgation of Universal Peace, p. 426-427)