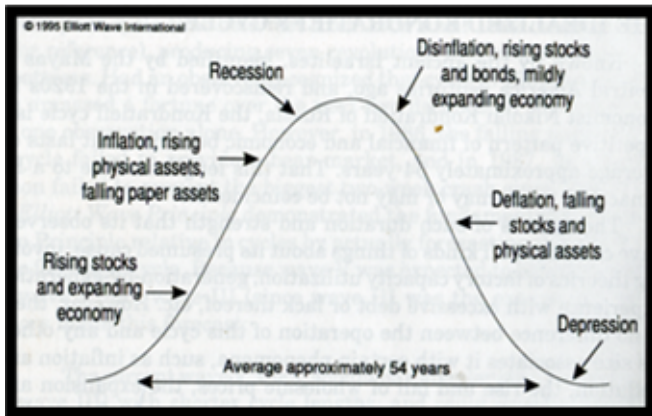


Kondratieff Wave encompasses the mega economic cycle of boom and bust, or boom followed by crash and depression.

The last time the world economy experienced the bottom of the Kondratieff cycle was at the bottom of the Great Depression in 1933. A depression occurs when the economy can no longer sustain debt to a point that borrowers are consuming more borrowed wealth than is being produced by the economy to pay back the debt. If the debts are not forgiven in an orderly fashion, it builds up until debtors begin to spend less. The reduced spending slows down economic activity until debtors are squeezed by an inability to obtain the necessary monetary resources to pay off their debt. The economy goes into a negative feedback loop of debt and reduced busi-



ness until the debt load is sufficiently eliminated.

The Jubilee cycle limits debt growth by seven sabbatical years, which occur once every seven years in the 49 years preceding the Jubilee year. In each sabbatical year, all debt is forgiven, which prevents debt from getting out of hand, and thus destroying the economy. It makes the creditor wiser. The creditor will not grant a business loan unless he sees a clear profit opportunity within the seven-year limit of the sabbatical cycle. It also makes the borrower more cautious. A borrower will not borrow for business if he thinks he might not be able to pay off the debt by his profits before the seventh year, because then he might not find a willing lender in the next cycle.

The only biblical stipulation on the creditor's wisdom of loaning money was that he was morally obligated to give a loan of food or clothing even when it would have to be forgiven in the seventh year. Finally, when the Jubilee year came, and all property was returned to its original sovereign owners. I call them sovereign owners, because they paid no property taxes on the land. The claims of outside parties, on the owners' use of the land, were limited to biblically recognized injuries that ill use of the land might cause to others.

In America, for example, there are few sovereign owners of the land. Everyone pays a property tax, except religious institutions large enough to be exempt. These taxes are variable, and changes have often been made to discriminate between various classes of business. Also, the government can even take away property if they believe the owner is not generating enough business to pay them more taxes. They sell the land to the business owners who are able to pay higher taxes.

→ the debt begin to consume the wealth-producing infrastructure of the economy. The contraction of business leads naturally to depression.

In the Bible, God is the sovereign of sovereigns. He is the ultimate owner of the land and the people who use it are merely his viceroys. The people were to pay two 10% tithes, but these tithes were not a tax on the land itself. If an owner chose not to grow anything or he chose not to raise any animals, but only to hunt his land, and gather plants that grew wild for his own use, then no tithes were owed. There was no way the land would be confiscated because the owner chose to enjoy it rather than building a corporation on it.

In the Jubilee, the property is returned to its original owners. If foreigners immigrated, then they were to be given an inheritance. The Jubilee prevented land assets from being concentrated in a few hands. This effectively prevented permanent monopolies from forming, because anyone who rented much land had to return it in the Jubilee, which had the effect of breaking any monopolistic use. The original owners, however, might choose to keep any business established on the land if it was still profitable.

The Jubilee ensured that land remained in many hands and not a few. The sabbatical year sub cycle ensured that debt did not overburden the economy. This allowed free market forces operate in a manner most efficient to the development of maximal wealth in many hands, and it prevented a natural depression from crashing the economy.

The benefits of the septennial debt forgiveness and the redistribution of land in the Jubilee were so great that the Israelites could afford not to sow or reap their land in those years. This was true as long as another foreign power was not interfering in the life of ancient Israel. Therefore, it became a law to let the land lie fallow⁴⁰³ every seventh year and the Torah⁴⁰⁴ gave God's promise that there were be more than enough to eat. It is clear: these laws were enacted with a thorough understanding of economic cycles.

Another economic benefit of the periodic debt forgiveness of the Jubilee cycle is that it prevents financial institutions from amassing wealth through the charging of interest. If all debts were forgiven every seven years, then the bank could never gain control of the whole country. No one could add house to house and field to field. Capitalistic Monopoly would be impossible if the biblical system were followed.

Furthermore, this debt forgiveness prevented the abuse of paper money. If anyone tried to create a paper currency (with the intention of creating inflation), then he would have to seize control of the people's gold and silver to the extent that they would be forced to trade in the paper currency, so that they could not preserve their buying power through real money.⁴⁰⁵ However, in the Jubilee system, the government could not add house to house and field to field, so the government could never get control of the people's gold or silver; nor could it manipulate the price.

⁴⁰³ *Fallow* means unplanted and un-harvested. Whatever grew from dropped seeds of the previous years crops was left to grow wild for the poor and the alien. Usually the farmer himself lived off stored food from the previous year.

⁴⁰⁴ The *Torah* is the five books of Moses called the *Pentateuch*, the first part of the *Old Testament*.

⁴⁰⁵ When the government manages to put paper currency alongside gold and silver, the precious metal dealers, and coin dealers begin to charge a premium whenever paper money is exchanged for gold or silver. This premium is perceived as a disadvantage by the holder of paper, and so they are discouraged from converting their wealth to real money.