

The Godless US government at work

Written by Ilana Mercer

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The US government is not just dipping into deficit spending; it is bankrupt.

On top of the ["unfunded liabilities of Medicare, pension and Social Security programs,"](#) Bush has piled a national debt of \$10 trillion. A complicit Congress and the *incoming* cabinet have authorized the *outgoing* administration's bailouts – to the tune of a staggering \$7 trillion. All told, the government's debt is likely close to \$80 trillion.

This is more than the combined costs of the Marshall Plan (\$12.7 billion), Louisiana Purchase (\$15 million), the Race to the Moon (\$36.4 billion), the S&L Crisis (\$153 billion), the Korean War (\$54 billion), the New Deal (\$32 billion), the Invasion of Iraq (\$551 billion), the Vietnam War (\$111 billion), and NASA (\$416.7 billion). ([Via LRC.com](#))

Whether you're a Democrat or a Republican, your instincts tell you that such promiscuous spending is criminal.

Your gut tells you that your government is not only economically bankrupt, but morally bankrupt too – detached from any ethical moorings.

Alas, "figures don't lie, but liars can figure."

The experts say the complete opposite: The values and virtues ordinary mortals hold themselves to don't apply to government. The macroeconomic and microeconomic solitudes are

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governed by separate codes of morality. Never the twain shall meet – or so the money mavens claim.

Whereas you'll pay dearly for your profligacy; the government's recklessness will be rewarded. Whereas your debt will wipe you out; government debt will lift us all up. The latter is "stimulating"; the former sapping.

Hopefully you won't buy this – nor should you. Reason and decency dictate that your government is up to no good.

The Torah and the Talmud concur.

In line with its efforts to educate about Judaism's philosophical affinity with the free market, [the Jerusalem Institute for Market Studies](#) has inaugurated the Center for the Study of Judaism and Economics.

Delivering [the inaugural lecture](#) was no other than the recipient of the 2005 Nobel Prize in Economics, Professor Robert (Yisrael) Aumann. Aumann received the coveted prize for his "work on conflict and cooperation through game-theory analysis."

In his lecture, Aumann addressed the role ascribed to economic incentives in the Torah and Talmud:

"Economics," explained Aumann, "is based on incentives, and only when people and firms have the right incentives to work and produce can the economy grow and prosper."

Aumann illustrated the many examples in the Torah and the Talmud acknowledging the importance of economic incentives within a competitive market economy:

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[O]ne example of fundamental market-oriented principles inherent in Judaism ... is the support in the Talmud for unfettered price competition. ... The Talmud preceded Adam Smith's groundbreaking ideas on price competition by hundreds of years. In the Talmud, there is absolutely no room for price fixing; only support for ensuring the use of honest weights and measures. In a competitive market economy, the firm selling at the highest price will either go out of business or be forced to decrease its price in order to survive."

Of course, these principles are studiously disregarded by the monopoly-fostering Israeli government, of which, incidentally, Aumann is no fan. (For handing over Gaza to Hamas the deeply religious Aumann accused the Israeli government of perpetrating a crime against the evacuees of Gush Katif. The "Peace Process" – where Israel gives and the Palestinians take and then retaliate – is not Aumann's idea of conflict resolution.)

Aumann spoke of the Hebrew sage Hillel, who lifted the restrictions that creditors had been subjected to in collecting loans. This was the Talmudic scholar's way of ensuring a sound credit market and a continuous flow of loans to those who would honor them. This wisdom Washington wastrels have worked to subvert by legislatively reducing the risks of borrowing – and, now, with the aid of a massive credit expansion.

On the topic of disincentives, the problem of moral hazard is tackled in the Torah and Talmud too: "When an individual, a firm or an institution is "insured," or *bailed out*, there is an incentive to act recklessly. "Moral hazard," contends Aumann, "is at the heart of the faulty proposals being offered to solve the current financial crisis."

The laws of economics are natural, universal laws. One cannot violate them without repercussions. It follows from this that to adhere to the economic laws of nature is to be faithful to truth and justice.

The centrality of immutable economic laws in Jewish law is, therefore, no more surprising than the centrality of justice in the Jewish tradition. As it is written in "Devarim": "Justice, justice shall you pursue." (16:20)

Politicians and theoreticians who claim the natural laws of economics can be violated with impunity are proffering politics, not economics.

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