

## **Faith based on an illusion**

**Ariel Rubinstein**

On the day of the announcement of Stanley Fischer's appointment as the next governor of the Bank of Israel, Yaakov Gadish was buried at Kvuzat Yavneh.

The biography of Gadish is amazing. As a child, he survived the Holocaust. As a teenager, he immigrated to Israel on his own. And as a man, he built his home here. He filled a number of senior public positions, including membership on the Bank of Israel's advisory board. In 1981, he (and not someone from MIT) was the one who warned, to no avail, that the banking system was on the verge of collapse.

In recent years, Gadish served as an economic advisor and he was proud of his earnings, all of which he transferred to the kibbutz coffers, while maintaining his extremely modest lifestyle. Those who knew him will never forget his benevolent smile. I think Yaakov Gadish would have been an ideal governor of the Bank of Israel. When I heard that Netanyahu chose Fischer, I really missed Yaakov Gadish.

The reactions to Stanley Fischer's appointment crossed over conventional political lines and revealed the various facets of the concept of patriotism in Israeli society. Patriotism is not only the level of readiness to defend the homeland, but it is also solidarity with the weak and pride in those who achieve success. It is the belief that we must be the ones to decide our fate and that we should be represented by "one of our own." It is the expectation that our leaders in the army, politics and economics should not only manage our lives, but also go with us to the grocery store and send their children to the neighborhood schools. Patriotism means to be skeptical toward someone who treats us as a pre-retirement hobby and it means to feel uncomfortable toward the advice-givers and friendship societies. We don't want to employ foreign workers – not to clean the streets and not as governor of the central bank. Even if the foreign workers agree to the condition stipulated by the prime minister and become Israeli citizens.

Netanyahu's patriotism stands in contrast to this naïve outlook. Netanyahu regards Israel as a business to be assessed by its end-of-year balance sheet and judged by the omniscient "markets." In Netanyahu's business, there are goals and unfettered means. The welfare of workers is regarded as a constraint that sometimes needs to be considered. Netanyahu's outlook is wrong. And not only because the Jewish state has no right to exist as an economic project. It is enough to note that the money spent on defense for a Jewish family of five in Israel would be enough to rent an apartment or pay the mortgage on a fine home in Wisconsin and maybe even in New Jersey. There is no economic logic in having this talented group of people sitting in the Middle East unless we are endowed with a good measure of naïve patriotism of the type that Netanyahu is continually undermining.

The finance minister's associates, as usual, issued several infuriating rhetorical comparisons this week. One of these associates compared Netanyahu's initiative to appoint Fischer to Ben-Gurion's proposal to Einstein to serve as the State of Israel's first president. The "minor" difference is that Ben-Gurion's idea expressed the commitment of the nascent state to the values of science and knowledge. What does Fischer's appointment represent beyond Israel's commitment to lobbying on Wall Street and in Washington?

Another associate compared Fischer's appointment to Tal Brody's *aliyah* to Israel. Tal Brody exhibited his leadership on the basketball court with lots of sweat and points scored at Yad Eliyahu. The Brody example would be comparable to having Fischer resign his post in the United States and join the faculty of an Israeli university. After a number of years, it would even be possible to assess his economic and social ideas in the Israeli context and to determine whether he is appropriate to serve as Israeli's top economic authority.

Fischer's case is actually similar to that of Jacob Frenkel, another respected international economist. Frenkel left Israel in 1973 and stayed in the U.S. for 17 years before accepting the Shamir government's call to serve as governor of the Bank of Israel. The patriot Netanyahu almost appointed Frenkel as a minister in his government. Immediately after concluding his term, five years ago, Frenkel found

himself a senior management position at Merrill Lynch. Is this the life path we expect from someone who exerted and still exerts great influence in shaping Israeli society?

Fischer is among a select group of world economists some may malign as “running the world.” (Most of these economists are Jews, by the way.) They rush from Ukraine to Bulgaria to Turkey to Argentina, bringing advice to every capital in economic crisis. They do not believe that a thorough familiarity with the particular country is an essential prerequisite for giving advice of far-reaching social significance to the state’s leaders. The trust they inspire is based on the illusion that these economists possess magic treasure chests or recipes for sound economics. As if economic questions have absolute answers that are discernable at Harvard and MIT but are impossible to see in Afula and Bat Yam. As if statements about “growth first,” “opening the economy to unrestricted movement of capital,” and “maintaining high interest rates” are innocent professional recommendations, devoid of value judgments and interests. The Right of Return enables every Jew who arrives here to immediately become a citizen with equal rights. But there is no law that endows each Jewish immigrant with the social sensibilities that are impossible to learn from graphs or tables of data.

Fischer’s appointment stirred in me a feeling of nostalgia, of deep-rooted patriotism, and fantasies about post-disengagement Israel. Perhaps after the disengagement, the curse of messianism will be lifted from the patriots of the right. And the secular-left camp will shed its blight of hating the ultra-Orthodox. Then perhaps it will become clear that we have something in common that is more important than exercising the right of access to Rachel’s Tomb and driving on Bar-Ilan Street on Shabbat. Then perhaps we can focus again on building a patriotic and just welfare state here, one that will be fun to live in, even if our esteemed advisors from the IMF raise their eyebrows.

*The writer is a professor of economics at Tel Aviv University.*

*Translation: [Ira Moskowitz](#)*