

# Rabbi's Reflections

## "It's the Economy, Stupid"

Being an election season, you've heard the expression, "It's the economy, stupid" (coined by President Clinton strategist James Carville against the first President Bush). People vote their pocket books unless they feel physically threatened. Why do we vote based on the economy? We want to live a certain life style and feel security in our daily lives, which for most of us aren't routinely affected by far-away concerns like Iraq and Iran but are affected by the economy. Actually, faith plays a large role.

Comparing current and past crises illustrates the point. After 9/11, President Bush told us (in a larger context) to shop. The 2001 recession was short-lived partly due to consumers believing in our country. The 1990-1991 recession also was short. In between, potential ones never happened. Why? In the '90's, when President Clinton, Treasury Secretary Robert Rubin, Deputy Secretary Lawrence Summers, and Federal Reserve Chairman Alan Greenspan spoke, people believed. Now, President Bush, Treasury Secretary Henry Paulson, and Federal Reserve Chairman Ben Bernanke speak, and we don't trust them. Also, this one affects the financial system, and not technology or another sector of the economy.

The president is cheerleader in chief. If we feel sure of the people around him, we trust the system. Paulson, respected as Goldman Sachs' CEO, has yet to grow into his Treasury position. Former Commerce Under Secretary David Rothkopf wrote that Paulson, announcing Bear Stearns' rescue, "looked like a deer caught in the headlights"; he doesn't imbue confidence. Bernanke doesn't inspire the same trust as his predecessor (deservedly or not is a different issue). President Bush's approval rating reflects how much we believe him. Since financial institutions cry, we worry more.

Bear Stearns' collapse is as much about our lack of faith as its cash need. Bear Stearns handled credit, from the Latin root, *credo*, meaning "I believe." Suddenly, other institutions no longer extended credit, traded, or left assets with them. Oppenheimer analyst Meredith Whitney wrote, "A company is only as solvent as the perception of its solvency." We used to believe that banks and mortgage lenders would recover their money, that people who incurred debts would pay. Now we even question banks. In sum, our lack of faith underlies our current problems. In fact, if we aren't careful in what we say, our belief can turn this possible recession into a major depression.

Money relies on faith. The root of currency means "run"; it is what passes between two parties. Money's root is from Juno's Temple, which minted coins;

it is the trusted medium of exchange. Coins don't have inherent value, which comes from their metal content. Pennies are mostly zinc, the rest mostly copper with little nickel and no silver. A \$1 coin is not worth \$1 in metal. We trust our government to treat it as if it were worth \$1. Bills are not worth their face value in paper and ink, nor can we trade them for gold or silver. We believe the US government backs them. So long as we have faith, we use them. To resist counterfeiting, the government mills coins. They raise top edges and reed (i.e. ridge) sides so people can't shave metal off the sides. They redesign the bills. Both measures encourage trust. In sum, the market and money operate on faith.

We have faith in many things. Trust the government. Life would not be orderly without it (see Pirquei Avot 3:2). But faith causes the world to function. Scientific axioms and postulates operate, so we believe them even if we can't prove them. The Omer period, where we admit our fear regarding the world's rain and sun, and that history has not always been nice to us, culminates in Shavuot, the anniversary of God's revelation through Torah. They, in fact all mitzvot, are the Jews' currency of faith. Above all else stands God, whom we trust. God requires payment from us in the money of moral behavior and won't let us shave the edges. While we run on bank currency, we cannot run from God. One thing we learn from the economy above all else: while we say we are scientific and behave that way, we still operate daily in the realm of faith and belief. Try adding faith in God and the currency of Judaism to your daily behavior and routine.