



Written by [Daniel Sayani](#) on February 7, 2011

Israeli Economists Agree with Rand Paul: End Foreign Aid

However, one critical aspect of the debate that has been neglected from public discourse on the topic — and that Sen. Paul may be unaware of — is the opposition of numerous Jewish and Israeli economists and religious Zionist groups to Israeli foreign aid. Like Sen. Paul, these figures believe that foreign aid is an affront against Israeli liberty and sovereignty, as well as a drain on the development of numerous sectors of the Israeli economy, such as the weapons and biotechnology industries.



Individuals including Israeli economists Ran Dagoni, Yoel Bainerman, and Alvin Rabushka, the late Rabbi Meir Kahane, as well as groups including the Jewish Task Force, the Zionist Freedom Alliance, and the Manhigut Yehudit faction of the Likud Party have long advocated for an end to U.S. foreign aid to Israel. These groups insist that Israel must develop her own economic strength and move towards more free-market economic reforms as a means of boosting national prosperity and strength.

Even Israeli Prime Minister Benjamin Netanyahu has stated that foreign aid may do more harm than good, and proposed efforts to wean Israel off of American military aid payments.

It becomes clear, therefore, that Sen. Paul's proposal to cut foreign aid is one which is not without support from innovative Israeli and Jewish thinkers on the issue.

Manhigut Yehudit (Hebrew for "Jewish Leadership") is considered the most right-wing and the largest sector within the Likud Central Committee. It is [committed](#) to Israeli safety, territorial integrity, and the promotion of privatization reforms and traditional Torah values. According to co-founder Shmuel Sackett, its long-term goal is to "perfect the world in the Kingdom of the Almighty."

Chief among the group's priorities is "a modern and open economy based on Jewish Values," and this entails, for the group, "No financial aid from foreign countries." As a result of this, Manhigut Yehudit member Shmuel Ben-Gad, also librarian at George Washington University, in 2007 wrote an editorial in *Israel National News* actually [endorsing](#) Ron Paul, saying he should be "the Zionist choice for President":

The US puts pressure on Israel to surrender parts of the homeland. Even worse, this relationship seems to foster a mentality of dependence amongst many Israelis who, it seems, cannot imagine Israel defying the United States in any major way.



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In the upcoming presidential election, however, there is a chance to change this dramatically, by electing Congressman Ron Paul, a candidate for the Republican presidential nomination. Dr. Paul favors a non-interventionist foreign policy.

Dr. Paul's position is based upon a principled, modest, non-interventionist foreign policy - not upon anti-Zionism. Indeed, in a way, his foreign policy is mirrored by his small government domestic policy. Both recognize there are real limits to what a government can usefully do.

Cutting the apron strings to the US would, I think, make Israel become more maturely self-confident, because it would be more self-reliant. Ron Paul would both end this infantilizing, and even corrupting, aid and respect Israel's national sovereignty.

In a similar argument, Rabbi Meir Kahane also advocated for an end to American foreign aid for Israel. He was the founder and leader of the Jewish Defense League, and is considered by many to be the first victim of al-Qaeda on American soil, as he was assassinated in cold blood by convicted terrorist El Sayyid Nosair, who was also involved in the 1993 World Trade Center bombings. He also led the right-wing Kach Party in Israel until his death, and once stated that foreign aid "turns Israel into a junkie looking for her fix." In his 1990 [essay](#) "Isolation," he said the following about foreign aid, framing it in religious terms vis-à-vis the Biblical notion of a Chosen Nation:

Exile has turned the Jew of faith into one who trembles before the man of the dust. Unless we become of might and faith, and unless we ignore both the money and the honey of the United States and their empty threats and condemnation, we stand no chance. We must be a self-reliant, set-apart, and fearless nation doing the Will of the Almighty.

Likewise, the Jewish Task Force (JTF), a group committed to Kahane's ideology, states among its principles a [commitment](#) to:

An immediate end to all U.S. foreign aid, even to a genuine friend and ally like Israel, which is harmed rather than helped by her counterproductive dependency on America's addictive welfare handouts.

Echoing this stance is L' Herut Tzion (Hebrew for "Zionist Freedom Alliance"), a group committed to the ideology of Zev Jabotinsky, father of Revolutionary Zionism, also known as Revisionist Zionism. Jabotinsky was a fierce anti-communist, and opposed all forms of statism, which he labeled "Communo-Fascism." His disciples in the Zionist Freedom Alliance also believe that foreign aid is an affront against Israeli sovereignty, and thus oppose it on ideological grounds.

The group's founder, Yehuda HaKohen, also directs "[Zionists for Ron Paul](#)," and has also endorsed Ron Paul for President in a radio [interview](#) with *Israel National News*. In addition to advocating for Israeli territorial integrity, the group supports American and Israeli withdrawal from the United Nations, and is steadfastly opposed to foreign aid for Israel, saying the following:

In addition to having no constitutional basis and being an unnecessary burden on the American tax payer, United States foreign aid has also impaired the national sovereignty of the State of Israel. The aid prevents the Jewish state from adopting economic reforms that would make her self-reliant and it creates a mindset of dependency among the Israeli people. A nation cannot be both dependent and independent. ZFA calls upon the government of Israel to stop behaving like the leaders of a vassal state and begin working towards the realization of true political and economic freedom. We also advise the US government to completely end foreign aid to all nations and to concentrate instead on rebuilding the American economy.



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This is a sentiment that is corroborated by numerous economists and academicians.

In the September 1995 issue of the *Middle East Quarterly*, economist Joel Bainerman authored an [analysis](#) entitled, "End American Aid to Israel?: Yes, It Does Harm." Bainerman outlines a sound economic argument for opposing aid:

Arnon Gafny, who served as governor of the Bank of Israel in 1976-1981, points out that foreign aid has caused Israel to suffer from what economists call the "Dutch Disease," a generous but temporary gift (such as oil or external aid) that brings short-term benefits but impairs a country's long-term competitiveness.

It is very difficult to prove that a rich country's bestowing bilateral aid on a poorer one actually helps the poorer economy.

Ezra Sohar, author of *Israel's Dilemma: Why Israel Is Falling Apart and How to Put It Back Together*, notes that the lions' share of U.S. aid to Israel in the 1970s consisted of loans to purchase military equipment. "The end result should have been known from the start," says Sohar. "There is logic in borrowing to build a factory with the anticipation of repaying the loan out of profits. But in the case of armaments, it is obvious that there cannot be any profits."

Likewise, Hoover Institution Fellow Alvin Rabushka says that [aid to Israel hurts Israelis](#):

Free money is the scourge of Israel's economy. It is the difference between a free, prosperous Israel and a statist, dependent Israel. Before U.S. aid began flowing, Israel's economic performance rivaled that of the high-growth Asian Tigers. Since then, Israel's growth rate has fallen by more than half.

An article published most recently in response to the hoopla over Sen. Paul's announcement also articulates this belief. Ran Dagoni, in the Israeli business publication *Globes* [wrote](#):

The time has come to bid goodbye to the military aid that the US extends to Israel, that generous package (currently worth \$3 billion) that enables the Israeli taxpayer to share the cost of procuring equipment for the IDF with the US taxpayer. Israel should itself initiate the process of detachment from the Washington breast. It should be done gradually, on terms that will enable Israel to wean itself off this intoxicating milk, before the Americans take action, on their terms. Israel won't collapse.

Both the younger and elder Paul, as well as those opposing foreign aid in general, to Israel and all other countries, are also in the good company of none other than Benjamin Netanyahu himself. In 1996, he addressed Congress and declared his intention for an end to foreign aid, according to the [Harvard Israel Review](#):

For their part, the members of Congress gave Netanyahu a rousing welcome, applauding him 14 times, including a standing ovation when he promised to reduce Israel's reliance on the \$3.2 billion in aid the United States provides the Jewish state each year.

In his promise to eventually seek less aid from the United States, the prime minister significantly did not mention any amount that might be reduced, nor did he give a timetable for achieving Israel's "economic independence." The day before, at a White House news conference, he said the reduced aid policy would be "pursued over the course of the coming 10 years." In the next four years, we are going to begin the long-term process of gradually reducing the level of your generous economic assistance," Netanyahu said. "We are committed to turning Israel's economy



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into a free market of goods and ideas, which is the only way to bring true independence."

"I believe that we can now say that Israel has reached childhood's end, that it has matured enough to begin approaching a state of self-reliance.... We are going to achieve economic independence." In stating this goal, Netanyahu had two major projects in mind: ending U.S. economic aid to Israel and reforming the Israeli economy into "a free market of goods and ideas."

This sentiment was echoed earlier by Zalman Shoval, former Israeli Ambassador to the United States and a leading figure within the Likud Party. [Shoval](#), in 1992, told an American audience that Israel should suggest through its own initiative that the United States gradually phase out civilian economic aid.

Sen. Paul and his father are not without precedent in their proposals to cut foreign aid. Perhaps without their knowing it, they are fulfilling the policy desires of a cadre of right-wing Zionist and Jewish leaders, including Ambassador Shoval, Prime Minister Netanyahu, Rabbi Kahane, and leading economists, such as Bainerman, Rabushka, Sohar, and Dagoni.

Photo of Rand Paul: AP images



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