

# The Sociology Of Envy – Moody’s And Israel

By AMY NEUSTEIN, Ph.D.

Two weeks ago when the IDF assassinated Hassan Nasrallah, the barbarous leader of Hezbollah responsible for the killing of 238 U.S. marines in October 1983 and for the March 1985 kidnapping of Associated Press journalist and bureau chief Terry Anderson, Moody’s credit rating agency downgraded Israel two notches to a Baa1 from an A2 rating. In so doing, Moody’s maintained a negative outlook for Israel, placing it below investment grade and in league with countries such as Spain and Bulgaria, whose GDP per capita are remarkably below those of other European Union member states.

Moody’s, with the stroke of a pen, publicized its blistering downgrade just hours after the news of Nasrallah’s (later confirmed) demise, was simmering in media outlets, intelligence communities, and among the denizens of countries in four hemispheres. Was this a coincidence? I think not. My proof is that to justify the unsubstantiated and undeserved credit downgrade, Moody’s revived the judicial reform dispute as one of the grounds for the current downgrade. Certainly, this was not a new phenomenon, nor is it incomprehensible to have a debate of such intensity in a country that accords with democratic principles of free speech and the right to assemble. Most importantly, any discourse over the role of Israel’s courts has not ignited protests in Israel for quite some time. So why revive an erstwhile issue to justify the assault on Israel’s credit rating?

Most notably, in downgrading Israel’s credit rating, Moody’s overlooked the Jewish state’s robust real estate sector, driven in part by foreign investments and by a considerable uptick in local demand. The credit agency also overlooked Israel’s booming tech industries and flourishing consumer markets. No doubt all of these sectors are enviably strong. This begs the question as to why this credit rating firm has put a damper on Israel’s economic outlook. Could it be that Moody’s credit rating analysts were swept up in the fever of anti-Israel propaganda?

In issuing its credit report, Moody’s resorted to the use of common tropes – “no (war) exit plan,” “diminished quality of Israel’s institutions and governance,” and so forth – all of which have no basis in reality. Thus, a lacuna remains as to what was the actual basis for Moody’s to have taken a swipe at Israel’s creditworthiness.

Within days of Moody’s shocking downgrade of Israel’s creditworthiness to below investment grade, another major credit agency would jump on the bandwagon. S & P Global would downgrade

Israel from its AA status (wherein AA is the usual standard benchmark for westernized, developed countries) to an A rating; and they similarly maintained a negative outlook for the Jewish state. Not surprisingly, the basis for S & P Global’s bleak prognosis on Israel’s economy was as flawed as Moody’s. Hurling criticism at Israel for its air strikes over southern Lebanon, which preceded its much-anticipated limited ground invasion, S & P Global used the war Israel had just intensi-



fied on its northern border to justify their agency’s sudden credit downgrade of the Jewish state. Nevertheless, their downgrade of Israel’s creditworthiness shows the canard – the utter falsehood – underlying their decision. Here is why.

To begin with, didn’t Israel deliberately state the purpose for its air strikes over southern Lebanon was to achieve their recently added war goal of securing the northern border so that 60,000 displaced Israelis could finally return to their homes

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Israel scores a military victory by  
dismantling Hezbollah – and U.S. credit  
agencies respond by plunging its credit rating!

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in the north, from which they were forced to evacuate when Hezbollah began firing rockets the day after October 7? Surely, the return of residents to these northern towns and communities ensures revival of businesses which had been abruptly shuttered when evacuation orders were given to all residents and businesses in the area. Therefore, the return of residents suggests the return of restaurants, pharmacies, grocery stores, apparel shops, banks, medical and dental offices, and any other form of commerce that had been forced to close down when these communities were made uninhabitable by Hezbollah’s daily rockets that were aimed at them.

The effective dismantling of Hezbollah, as proven to be superbly carried out by Israel’s military in the past weeks – namely, a well-orches-

trated detonation of thousands of communication devices used by Hezbollah, followed by strategic air strikes that took down Nasrallah and 15 of his top Hezbollah commanders and other Hezbollah members – certainly inures to the benefit of Israel’s economy, because it removes the serious impediments preventing return of the population to their homes and businesses in the north. Undoubtedly, any contraction in Israel’s GDP resulting from businesses having been shuttered in the north would quickly be reversed because of these concrete steps taken by Israel’s military to ensure a safe return of residents and business to their daily lives.

One must ask: Why did S & P Global act so counterintuitively by hastily downgrading Israel’s creditworthiness for setting as a war goal the securing of its northern border with Lebanon, when such efforts would no doubt normalize the economy in Israel’s north by enabling its displaced residents and businesses to return?

Perhaps most ironic is that while two major U.S. credit rating agencies have impugned Israel’s economic health, the U.S. is attempting to capitalize on Israel’s military triumphs. First, they are pushing for a new Lebanese president to be elected while the stranglehold of Hezbollah has been seriously weakened by Israel’s assassination of its leader and its destruction of their command center and central operations. Second, on Rosh Hashana, Israel – in coordination with the U.S., Jordan, and other international actors – rescued a 21-year-old Yazidi woman from Gaza, who had been held captive by Hamas for a decade after being sex-trafficked by ISIS in her prepubescent and teenage years. It was Israel’s steadfast and unrelenting war efforts in breaking down the Hamas infrastructure in Gaza for the past eleven months that enabled this young woman to be freed from the clutches of terrorists and reunited with her family.

In essence, while Israel emerges as a key player in helping the U.S. to actively surmount the seemingly impregnable axis of resistance, two prominent U.S. credit rating firms have taken a sledgehammer to the Jewish state for exercising its right to defend itself against savage terrorist attacks. While the effects of such downgrades to Israel’s credit rating can never be taken too lightly – they discourage investments and prompt higher borrowing costs, all of which can rapidly trigger a destabilization of Israel’s economy – it’s hard to ignore the evidence of unbridled envy that has seeped deep into the entrails of U.S. credit rating agencies, who are evidently launching an attack on the Jewish state.

If we look for a moment at Israel’s immigration statistics, we see how they belie the somber predictions of the U.S. credit rating firms. Last week, Israel’s Aliyah Ministry released encouraging statistics

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showing that in the past year, 31,000 individuals have immigrated to Israel despite the shadow of war. This stat is almost three times the number of those who have left, primarily for employment opportunities, which would have occurred even if there had not been a pending war. It's hard to find an analogous model of immigration patterns in a comparable Westernized country that could claim they had an influx of immigrants while its military was fighting on three fronts and its citizens were on high alert for attacks in residential quarters at any time of the day or night.

What these immigration stats show is that notwithstanding the penumbral halo of war, and ever-present uncertainty and insecurity, families and individuals have made the decision to uproot themselves to relocate to Eretz Yisrael. They followed their hearts, for it is understood that the place where we live is the grounding of our soul. For this reason, conflicts and wars will never alloy

our passion to come home to the place of our destiny and origin.

The fact that as Jews we are rooted in history, identity, and determination means we easily provoke envy in others. You see, the human condition leaves most people peripatetic. They struggle to find themselves. They travel to exotic places; they engage in multiple relationships; or they travel via the psychoanalyst's couch to their past or even to past lives. But Jews are not itinerant. On the contrary, they have a purpose; they have a home. Even before Israel was a state, the Jews were a nation. They had a home within their souls. As history has proven time and time again, G-d has blessed Israel with a grounding so strong that no war, genocide, or persecution could extinguish it. What other ethnic group is *pari passu* or on equal footing with the Jews? Sadly, instead of others learning how we survived as a nation beleaguered by the hostilities of mankind, we are torn down – criticized, mocked, and repudiated in the universities, public discourse, and in the financial sector that doles out nasty credit ratings just at the moment of Israel's tour-de-force military and

intelligence victory in its taking down the leader of Hezbollah.

Arousing envy in others is inevitable when one shows excellence because it threatens the status quo by raising the bar toward which others are forced to compete. However, given the timing, rationale, and basis for precipitously lowering Israel's credit rating right at the moment they began a strategic defense of their northern border with Lebanon raises serious concerns that pro-Palestinian and left-leaning interest groups may be manipulating U.S. credit rating agencies in ways that are prejudicial to Israel's economic viability.

This calls for, at the very minimum, a congressional inquiry into the motivation behind the suspiciously timed downgrading of Israel's creditworthiness by two of the largest credit rating firms in the U.S. This is important because a damper on Israel's economy has cascading effects that must not be overlooked.

Let the New Year embolden us in our journey toward permanent security for Israel. By confronting the reality of envy, we can confidently start off the New Year on a more solid footing.

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