Is it Greece’s (De) Fault?

You have to hand it to the Europeans. They found a way to be relevant again on the world stage. You can’t turn on a cable financial news network without talk of the European debt crisis. First Greece, then [Italy](http://www.guardian.co.uk/business/2011/sep/20/italy-downgrade-eurozone-contagion-fear), Ireland, Spain, and Portugal. Clearly their debt crisis isn’t just theirs. It impacts US banks, US producers, and US consumers as well.

Tim Geithner [went to Europe](http://www.bloomberg.com/news/2011-09-19/geithner-europe-will-follow-lessons-of-u-s-.html) last week and advised them they “have a lot of work to do”, which they didn’t take well. It’s like the pot calling the kettle black, only worse. He claimed that Europe will follow the US bailout model for the benefit of their Union. Just listen to [Timmy](http://www.youtube.com/watch?v=IiZ4C3k0Z4U), he has at it figured out. If all else fails, Ben Bernanke will let the [Fed serve as the European lender of last resort](http://www.usatoday.com/money/economy/2011-06-20-Fed-Europe-debt-crisis_n.htm).

So whose fault is it that heavily indebted European countries are slowing down world economic growth? Should we blame the Greeks, the Italians, the Irish, the Spanish, and the Portuguese governments? Their citizens, who, after all, elect their governments? Does pointing out the specks in their eyes mean that we should avoid the planks (large US government and consumer debt) in our own?

Maybe it is easier to start with whose fault it isn’t. Is it [China’s](http://www.ft.com/intl/cms/s/0/f4696136-4caa-11df-9977-00144feab49a.html#axzz1YVh1Mxyb) fault? How dare they loan us money at really low interest rates to buy their stuff we cannot afford! Are countries with high savings rates the problem? If they didn’t save money, we couldn’t borrow it. Should we rephrase Ben Franklin, “a penny saved is a penny used to take unfair advantage of spendthrifts?”

Is it the EU’s fault that its members are in debt? Without the Euro they could print their currency to their hearts’ desire[. Reverting to the Greek Drachma](http://online.wsj.com/article/SB10001424053111904106704576580522348961298.html?mod=WSJ_Opinion_LEADTop) would take Greece out of the frying pan only to put it into the fire. Printing money to buy things you cannot afford is no better than borrowing to do so.

Maybe in the US, our government debt is the fault of greedy rich people who refuse to pay more taxes, or ruthlessly save their money so that they can enslave people by lending them money. That is what President [Obama’s deficit plan](http://online.wsj.com/article/SB10001424053111904106704576580601496630760.html?mod=ITP_pageone_0) and financial reform bill seem to suggest he thinks the problem is. That is when he doesn’t think the problem is that Fannie and Freddie aren’t lending enough to people with bad credit scores.

No, let’s place the blame where it is due, on three groups of people. First, blame individual people who have let covetousness run rampant. People who think they deserve stuff just because other people have it are not only sinning (according to the Ten Commandments) they are wrecking the economy for everyone else. They buy things they can’t afford and pile up debt. They vote for politicians who buy things they can’t afford and pile up even higher debt or who promise to take cool stuff from one group of people to transfer to themselves.

Second, blame politicians who pander to the covetous leanings of individuals. Two of the Ten Commandments regard covetousness, only one covers murder. Politicians who ignite class warfare or promise people things for which there is no money ought to be held accountable for their crimes against humanity.

Lastly, blame Keynesian economists who keep promising people free lunches if only they borrow money more quickly. The world would be better off without academic economists if the alternative is to have Keynesians “educate” the public about the benefits of unsustainable debt.

The cure for indebtedness starts at home. You can’t save your way to the poor house any more than Greeks can get wealthier by protesting entitlement cuts. We need to get our own fiscal houses in order so that we can more clearly pull the specks out of others eyes. (I say as my new house under construction is over budget – stupid planks).