Prudence in Good Times and Bad: Thoughts for Parashat Mikkets, December 24, 2011

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Thanks to Joseph's interpretation of Pharaoh's dreams, the Egyptians were spared a terrible calamity. Joseph offered a plan whereby the Egyptians could store produce of the seven years of abundance, so that they would have food during the following seven years of famine.

What if Joseph had not been there to give this advice? Presumably, the Egyptians would have fully enjoyed the seven years of abundance, thinking that prosperity would never end. When the famine would then arrive, the people would have been unprepared for the economic downturn. They would soon have run out of food and would have suffered years of starvation.

Joseph's plan was good not just for the ancient Egyptians, but for all societies of all eras. Wise people know that economic life is marked by cycles of ups and downs, sometimes quite extreme cycles. There are periods of great prosperity and there are periods of dearth. There are bull markets and there are bear markets. Prudent people always keep Joseph's plan in mind. When things are good, they don't get carried away with their good fortune. They save some of their funds and try to build up a financial reserve, so that they will be able to weather periods of economic downturn.

During periods of affluence, it is not easy to remember Joseph's plan. Things are going well, we have plenty of money, we feel generous, we spend freely. We don't often focus on the inevitable economic decline that will eventually hit us.

The Jewish Forward newspaper (December 16, 2011) reported on salaries received by top executives in Jewish not-for-profit organizations. A surprising number are being paid in the range of $400,000 to a high of $848,000 per year. These very high packages were probably offered at a time when the economy was booming and Boards felt comfortable being highly generous with Jewish charity dollars.

I subscribe to the notion that Jewish not-for-profits need to pay proper salaries to their employees. Unless proper compensation packages are offered, these institutions will not be able to attract the best and the brightest executives. Good executives are essential to the fulfillment of the missions of those organizations for whom they work.

However, I do question what constitutes "proper compensation". I recently read that President Obama's salary as President of the United States is $400,000 per year. With all respect to the executives in Jewish organizations, none of their jobs compares in difficulty and responsibility to that of the President of the United States.

The problem gets stickier when we realize that the top executives of our not-for-profit institutions have other lower level administrators on their staffs. If the top executives are making huge salaries, we can suppose that their vice-presidents and assistants are also making healthy amounts of income. This means that every time we make a contribution to these institutions, significant chunks of our donations go to support the executive team. We understand the need to pay for "overhead"; otherwise the institutions could not function well.

We understand the importance of paying respectable compensation packages. But it is difficult to get enthusiastic about making donations to institutions whose chief executives are being paid annual salaries of four, five, six, seven, eight hundred thousand dollars and more.

Perhaps one of the reasons salaries are so high is that the Boards of these institutions are often composed of very wealthy people. They may be earning millions of dollars a year and have vast estates; to them, four hundred or eight hundred thousand dollars doesn't sound like all that much. Even baseball players get paid millions of dollars a year; so what's the problem with offering a half million or more dollars to our executives?

But what about those millions of people who don't earn astronomical amounts, and who are asked to make donations in order to support extravagant life-styles for the executive staffs of the institutions who are soliciting their donations? And what if they lose confidence in the idealism of those executives who take huge salaries, even at a time when they are laying off workers? People might naturally ask: "why should I be donating money to these institutions, when I'm struggling to pay my own bills, to pay my children's day school tuitions, etc.?

During the prosperous years, these compensation packages (while a questionable use of tzedaka dollars) do not seem so perturbing. After all, wealthy members of the Board contribute to cover these costs. The public feels economically well off and offers its contributions generously.

But when the “seven lean years” arrive, these compensation packages must surely raise eyebrows. It is unpleasant to receive requests for donations from institutions whose executives receive higher compensation than the President of the United States.

Joseph taught the ancient Egyptians the importance of prudence. When things are going well, we should not get carried away. We should stay focused on our long range needs. We should build our financial reserves so that we will better be able to cope with eventual economic downturns.

We could use a Joseph today to help us plan properly for the long range health and strength of our communal institutions. But until such a Joseph emerges, this responsibility devolves on each of us. Let us be wise; let us be prudent.

Angel for Shabbat