

Economic and Behavioral Foundations of Prejudice

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1. ANTISEMITES AS ADHERENTS OF AN IDEOLOGY

In 1998, Kenneth Arrow, a Nobel Prize winner in economics (1972), published a paper with the title: “What has economics to say about racial discrimination?” The background was racial discrimination in the United States. The topic of this paper is: What has economics, and in particular behavioral economics, to say about antisemitism?¹

Behavioral economics is the interface between economics and psychology and introduces feelings and emotions into the human behavior that economists study.² The behavioral concepts of dissonance, envy, and fear assist in understanding contemporary and also past antisemitism.

Antisemitism is a term invented by a secular European, Wilhelm Marr, in the 19th century to describe antipathy to the Jewish people that is not based on traditional religion-based prejudice. Antisemites do not disparage the Semitic languages, which is the other context in which the term “Semitic” is commonly used. The term “antisemitism” places prejudice against Jews in the category of an ideology—like capitalism and socialism.

It is characteristic of an ideology that defining premises take priority over intellectual discourse and factual information. Given the commitment of antisemites to their ideology, we should not expect to change an antisemite’s views.

The underlying principle of the ideology of antisemitism is that Jews should suffer or disappear. A definition of antisemitic behavior predicated on the principles of the ideology has three elements: (1) “big lies”; (2) demonization; and (3) denial to Jews of the right of self-defense.

Antisemites have used “big lies” in the course of history to accuse Jews of collective crimes, such as killing a god (deicide) or killing non-Jewish children for ceremonial purposes (the blood libels). In a continuation of past accusations, contemporary “big lies” in the new antisemitism accuse Jews collectively of wrongdoing through the Jewish

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¹ Antisemitism has been extensively studied in the social sciences. The literature includes Sartre (1948), Katz (1980), Lewis (1986), Aronson (1990), Fischer (1998), Julius (2010), and Wistrich (2010).

² On behavioral economics, see, for example, Kahneman (2003). Daniel Kahneman received the Nobel Prize for economics in 2002 for research with Amos Tversky that introduced and developed the field of behavioral economics.

state. Political correctness can prevent people from restating the past big lies about the Jewish people. The surrogate is the new antisemitism directed at the Jewish state as the symbol of the Jews.

Contemporary Western antisemitism is for the most part rhetoric. Because of the existence of the Jewish state, that is all it can be, with the exception of isolated instances of personal violence.

Antisemitic rhetoric can reflect guilt. Using the big lies, there are antisemites who accuse the State of Israel of being no better in its treatment of Palestinian Arabs than the government of Adolph Hitler and collaborating regimes were in their treatment of Jews. The accusation alleviates guilt about the past behavior of the accuser's family and people. Jews in general do not accuse contemporary Europeans of complicity in past inhumane actions. However, some Europeans accuse themselves and alleviate their guilt by accusing Jews of doing what their grandparents and others may have done.

Religion is a more general basis for antisemitic ideology. Historically, the Church was concerned that seeds of doubt about Church doctrine could be spread because Jews did not accept deification of a Jew as a savior who, in exchange for belief, offers the afterlife. Jews cannot perceive of a god as descending to the level of a man or woman. Rather, Jews perceive the human objective as being for people to raise themselves up, to improve themselves, and to improve the world. The Jewish view contrasts with the Christian doctrine of the fall from grace and the worthlessness of man and woman in need of salvation. The Church confronted the problem that the Jews could not be controlled through the threat of excommunication. With Jews accepting neither the teachings nor the authority of the Church and not capable of being threatened with excommunication and eternal damnation in the world to come, other means were used against them. Here enters the basic ideological premise that Jews should suffer. The suffering demonstrates the consequences in this world of not accepting the savior and rejecting the authority of the Church. Not all Jews were to be killed. According to this doctrine, some Jews should always be left alive, so that the personification of evil could exist on earth and be contrasted with good.

There were also economic motives for the persecution of the Jews. The taxes that the Church could collect depended on the willingness of the masses to accept Christian doctrine. The Jews, in rejecting the teachings of the Church, set an example for others to follow that would diminish the tax base of the Church. The suffering imposed on the Jews was a lesson for those who might contemplate not accepting the temporal power of the Church and not paying the Church's tithe.

Doctrinally for the Church, the Jews had been superseded. The reappearance of the Jewish state after 1,878 years—there was no Jewish state between 70 CE and 1948 CE—introduced a special problem. The Jewish people, who by doctrine and ideology should wander and be punished eternally, had returned to their homeland. The re-emergence of the State of Israel has thus created an essential *dissonance*. A prosperous secure Jewish state is an affront to the ideology that Jews should suffer and also contradicts the theory of supersession whereby the Jews should have been superseded by the Church.

Antisemites making accusations and seeking to diminish or end the Jewish state are prevalent in European Lutheran societies, although religiosity in these societies may not be high. Scandinavian governments and populations were very sympathetic to the State of Israel when the precarious pre-1967 ceasefire lines prevailed but overall became hostile after the Six-Day War of 1967. One interpretation is that Scandinavians are kind

people who support the underdog, which after 1967 was no longer perceived to be the Jewish state. Another interpretation is based on the Protestant doctrine of predetermination, whereby success in this world presages success in the world to come, and vice versa. As long as the Jewish people in Israel lived precariously and miserably within indefensible borders, sympathy could be offered for the outcomes observed in this world and the outcomes anticipated in the next. The change to Jewish success in this world is inconsistent with the doctrine that Jews are damned. Again there is *dissonance*.

Generally speaking, whether in Scandinavia or elsewhere, in cases where populations have abandoned religious belief, past behavioral premises of ideology can be culturally transmitted between generations and retained in collective memory. If the content of cultural transmission is that Jews are meant to suffer and should be inferior, there is *dissonance* when Jews are successful and capable of self-defense.

Like the antisemitism of the “right,” the antisemitism of the “left” is based on ideology—in the case of the left on universal values. Jews benefited from the “emancipation” of the Enlightenment but were criticized for using the opportunities provided by the new economic freedom to apply their abilities to enrich themselves, while not satisfying the requirement that they adopt the universal values of the enlightenment and cease adhering to their *identity* as Jews. Failure to embrace universal values is correspondingly the basis of the antisemitism of Communist and Socialist ideology.³ Marxist ideology calls for the creation of new men and women who divest themselves of their past identities. Jews, even if professing to be communists and socialists, have in general often not entirely divested themselves of their Jewish identity.

Modern economic analysis recognizes the roles of entrepreneurship and finance (money lending) in facilitating economic activity. Marxist ideology views the activities of merchants, middlemen, and financiers as socially unproductive and therefore regards Jews in traditional occupations of trade, business, and finance as not contributing productively to society.⁴ The left also blames the Jews for being instrumental in the introduction of capitalism by establishing the foundations for market activities.⁵ Because Jewish identity is visibly manifested in the State of Israel, the left is active in the new antisemitism of propagating big lies, demonizing, and delegitimizing the Jewish state and objecting when Jews defend themselves.⁶

There is merit in an example from the many manifestations of the antisemitism of the left. Discrimination against women and girls in Muslim countries is well documented.⁷

³ On the Enlightenment as the origin of the contemporary antisemitism of the left, see Hertzberg (1990).

⁴ Thus, when Jews imbued with socialist ideology began to return to the land of Israel at the end of the 19th century, they divested themselves in various degrees from Jewish identity by removing Jewish traditions from their lives and forming collectives (or *kibbutzim*) and becoming farmers.

⁵ On attribution of capitalism to Jews, see Sombart (1951). Jews have also been criticized for introducing and supporting communism and socialism, although the Jews who were communists and socialists were often seeking to use the new universal values to escape their Jewish identity.

⁶ If not violent themselves, antisemites of the left support the physical violence of others against Jews and the Jewish state through rhetoric and funding. See, for example, reports at: <http://www.ngo-monitor.org/articles.php?type=whatsnew&article_type=reports>.

⁷ See, for example, Norton and Tomal (2009) and Cooray and Potrafke (2011).

Democracy has also been absent from Arab states.⁸ If true to its liberal principles, the left in Western societies would be critical of the gender discrimination and absence of democracy under Islam and supportive of the gender equality and democracy found in Israel. Fred Gottheil (2000), a professor of economics at the University of Illinois at Urbana, asked academics who had signed an anti-Israel petition presented to Barack Obama to sign another petition condemning adverse treatment of women and girls in Arab countries. The original petition had apparently been signed by some 900 academics, of whom Professor Gottheil was able to confirm the existence of 675. To these, he sent his new petition. Only 5 percent were prepared to sign the petition condemning acts against women in Arab countries such as wife beating, honor killings, and female genital mutilation. The signatories of the original petition (those whose existence could be confirmed) reported a disproportionate number of academic affiliations (one quarter) in the field of gender studies. Criticism of ill-treatment of women and girls in Arab countries would have constituted an implicit recognition of Israel as a democratic society with gender equality.

For the Jews who adopt the ideology of the left, the persistence of the State of Israel can hinder their personal shedding of Jewish identity and be an impediment to their hope that all Jews will cease to identify themselves as Jews and will, like themselves, accept the universal values of the left.⁹ Left-wing academics in Israel have been at the forefront of calls to boycott of their own country.¹⁰

2. WHAT DOES ECONOMICS SAY ABOUT PREJUDICE AND DISCRIMINATION?

Against this background of antisemitism as an ideology of the right or the left, let us now consider what economics has to say about prejudice and discrimination. The literature classification system of the academic economics profession is that of the *Journal of Economic Literature* and includes a category of “economics of minorities and races: non-labor discrimination.” The literature describes prejudice and discrimination with reference to people’s “tastes” or preferences.¹¹ The preferences may be with regard to the “types” of employees that employers wish to have. For example, if a Jew is the most qualified person for a job but the employer refuses to hire a Jew, the prejudiced employer incurs a cost in hiring a less qualified employee. In this literature, the preferences underlying prejudice are taken as given and unexplained. The discrimination could also be due to the preferences of other employees rather the employer, in which case, again, costs are increased if the most suitable people are not employed.¹² The relevant inference is that antisemites are prepared to incur personal costs to disadvantage or harm Jews.

A second approach to prejudice in economic analysis describes “statistical discrimination” or “profiling” based on the average attributes of a group.¹³ For example, because

⁸ See Borooh and Paldam (2007), Rowley and Smith (2009), and Potrafke (2011).

⁹ Podhoretz (2009) describes Jews who do not wish to remain traditional Jews as following a new religion based on the universal principles of the ideology of the left. For a review of Podhoretz and interpretation in terms of identity and expressive behavior, see Hillman (2011).

¹⁰ See, for example, <<http://articles.latimes.com/2009/aug/20/opinion/oe-gordon20>>.

¹¹ See Becker (1957).

¹² See Arrow (1998).

¹³ See, for example, Arrow (1972, 1998) and Phelps (1972). The subsequent extensive literature includes Schwab (1986), Altonji and Pierret (2001), and Borooh (2001).

of group norms of behavior, people belonging to a group may have attributes that employers find undesirable, such as arriving late for work or randomly taking days off.¹⁴ Or because women marry and have children, employers may discriminate by not hiring women because of the cost of training women who will not remain with the employer. Statistical discrimination does not explain the prejudice of antisemites: an antisemite would seek to disadvantage or harm Jews even if the attributes of each individual Jew were known.

We can turn to behavioral economics to seek foundations for the behavior of antisemites. We thereby recognize the role of emotions and feelings in explaining human behavior. With the existence of dissonance between observed outcomes and the ideology that Jews should suffer (the right) or disappear (the left), the behavior of antisemites appears to reflect fear and envy.

3. FEAR AND ENVY

Charles de Gaulle has left us with a forthright statement of fear of Jews and fear of the Jewish state. De Gaulle had prepared an epitaph for the Jewish state in anticipation of the demise of Israel in the 1967 Six-Day War. Unexpectedly for de Gaulle, Israel won. Reflecting on the Jewish victory, De Gaulle declared:

Some people even *feared* that the Jews, until then scattered about, but who were still what they had always been, that is, an *elite people, sure of themselves and domineering*, would, once assembled again on the land of their ancient greatness, turn into a *burning and conquering ambition*.¹⁵

The observation was that Jews are elitist, ambitious, and overly successful, and also domineering, that their ambition and abilities are to be *feared*, and that all the characteristics of the Jews that are to be *feared* are manifested in the return of Jews to the land of Israel.

Fear of Jews is an historical phenomenon.¹⁶ Jews in Europe were feared because of their ongoing survival in the face of discrimination, pogroms, and expulsions. The survival of the Jews was explained by their being in league with the devil.¹⁷ Jews were regarded as having the ability to bring on the plague and also magically protect themselves against the plague (in fact, this protection was partly the consequence of the Jews' hygienic standards, which are part of Jewish law). The Hebrew alphabet, in which Yiddish, the language of European Jews, is written, was feared as indecipherable and magical. Jews were also feared because of the retribution that antisemites believed would follow if Jews were ever in a position to take revenge for the suffering that had been imposed upon them.¹⁸ Fear is expressed in contemporary declarations that Jews

¹⁴ On individual attributes and group norms, see, for example, De Bartolome (1990).

¹⁵ Press conference held at the Elysée Palace on November 27, 1967. From *The Scribe*, autumn 2001, available at: <<http://www.dangoor.com/74049.html>>.

¹⁶ The term Judeophobia has been used to describe fear of the Jews. See Fischer (1998).

¹⁷ Thus, for authenticity, the 2009 film "Sherlock Holmes" showed the words of the devil written in Hebrew.

¹⁸ Retribution is described, for example, in the opera *La Juive* by Fromental Halévy. I thank Manfred Holler for this observation.

control capital markets (although this could also be envy). The *Protocols of the Elders of Zion*, a 19th century Russian imperial forgery that retains contemporary antisemitic appeal, describes Jews as to be feared because of their conspiratorial intent to "control the world."

As expressed by Charles de Gaulle, there is a link between fear and the State of Israel. There have been no large-scale European pogroms against Jews since the establishment of the modern Jewish state in 1948. The last European pogrom took place in 1946.¹⁹ The availability to Jews of the means of self-defense is a break from tradition that, for antisemites, evokes dissonance but also fear.²⁰

Altruistic people feel better off when others are better off. Envious people feel worse off when others are better off.²¹ People need not envy but, on the contrary, may admire the achievements of others. If they do envy, they may focus their envy on particular individuals. An antisemite is envious of Jews in general. Antisemites may envy Jews who are actually quite poor.

An object of envy may or may not be transferable (see Elster, 1991). In the past, when antisemites have envied Jews' transferable possessions, because of the Jews' lack of means of defending their possessions (and defending themselves), antisemites have simply appropriated Jews' possessions. In response, Jews took measures to make their investments and possessions non-transferable through appropriation. Knowledge (also known as human capital) is not appropriable by transfer to others. Contemporary antisemites confront the problem, combined with dissonance and fear, that much regarding Jews that is envied cannot be transferred through appropriation.

Michael Aronson (1973) described the combination of envy and fear in 19th century Russia:

There are notes of admiration and *envy* as well as *fear* and anger in the anti-emancipation officials' descriptions of the characteristics of Jewish businessmen. A number of terms recurred repeatedly. Jewish businessmen were characterized as: cunning, dexterous, energetic, enterprising, keen-witted, persistent, and resourceful in the pursuit of profit. (p. 148)

Most of these terms, if not applied to commercial activities, and especially if not applied to Jews, would undoubtedly have had positive connotations for the officials who used them. When applied to the commercially oriented Jews, though, they took on a negative connotation with the implication, "*danger, beware.*" (p. 149)

4. OCCUPATIONAL STRUCTURE, EDUCATION, AND "CLEVERNESS"

Non-appropriation is reflected in the occupational structure of Jews in Europe. Jews were traditionally not engaged in agriculture and were not peasants or serfs. They invested in "human capital" (personal skills and abilities), rather than "physical capital"

¹⁹ The pogrom took place in Kielce, Poland against Jews who had survived the Holocaust. There was state-sponsored repression of Judaism in the Soviet Union and other communist countries.

²⁰ Symbolic of the availability of the means of defense is the over-flight of Auschwitz by planes of Israel's air force. The symbolism is in that, had the State of Israel been in existence, the atrocities at Auschwitz and other locations would not have been allowed to take place. See: <<http://www.israelnewsagency.com/auschwitzisrael.html>>.

²¹ For an economic analysis of envy, see Mui (1995).

or land, and engaged in activities in which “working capital” turned over quickly. They were also middlemen, not directly producing physical output but facilitating output being produced and facilitating goods reaching final consumers. Jews were also physicians and wealthier Jews were financiers.

In a case study of the town of Pereiaslav in the Ukraine in 1881, Michael Aronson (1978) describes Jews as predominantly tradesmen and merchants, not manual workers. Jews also tended to be active in competitive markets in which individual skills were more important than connections. Yehuda Don (1990) reported that, in pre-Holocaust Central and Eastern Europe, economic activities of Jews were disproportionately in competitive retail markets and in professions and activities that did not require physical capital, and, again, that Jews were not active in agriculture. For example, in Eastern Europe, tailoring was a Jewish profession.

A characteristic of the occupational structure of Jews was therefore that losses from appropriation would be low. Similarly, the costs of having to leave quickly were low.

Jews engaged in commerce and trade because of economic networks based on communal trust (Greif, 1989, 1993).²² The facilitating role of Jews in economic activity is expressed in the economic decline of Spain during and after the Inquisition. The departure of expelled Jews contributed to Spain’s decline, but Spain also declined because of the withdrawal of clandestine Jews from the traditional Jewish activities of commerce and trade, so as to hide their Jewish identity. Continuing to use the network of European Jewish communities to trade and to travel for reasons of commerce would have been evidence that Jews who had professed to convert to Christianity had in fact retained their Jewish traditions and identity (Landes, 1989). Spain and also Portugal declined after the expulsion and forced conversion of Jews. In other locations, the Jews were welcomed by rulers as initiators of commerce. Julius Carlebach (1978, p. 13) observes:

Prussia’s great elector (later Friedrich Wilhelm I) permitted not only Jews, but also some 20,000 Huguenots, to settle in Prussia, and if anything would have regarded the protests of Christian traders — that Jews used innovatory aggressive trading methods as opposed to their own sedate and settled methods — as full vindication of his intentions.

Local governing elites thus had reason to welcome Jews and indeed might support Jews against complaints of “unfair” competition from Christian competitors. For example, when Christians and Jews competed in food processing, the greater efficiency of Jews reduced the wage that Christian industrialists needed to pay Christian manual workers, and demands by Christian food processors for protection against Jewish competitors were denied.²³

The economic activities of Jews were beneficial for the broad non-Jewish population. For example, Jewish middlemen financed agricultural production by buying crops still growing in the fields, so enabling Russian peasants to pay taxes that were due (Aronson, 1990). The Jewish middlemen took a risk because they did not know the eventual market price when they purchased the still-growing crops.

²² On the role of trust or social capital in economic development more generally, see, for example, Bjørnskov (2006) and Baliaoune-Lutz (2011).

²³ Reported by Aronson (1978).

Aronson (1978, p. 201) observed that: "The Jews' most vigorous enemies were undoubtedly their petty-bourgeois competitors in the towns." Dennis Carlton (1995) of the University of Chicago has described how economic contact can create a predisposition of dislike. He called such predispositions "hostility externalities" and noted that "throughout the centuries, middlemen who happen to belong to a minority in a country have been singled out for hatred and have had their property destroyed." Hence "when the middlemen comprise an identifiable group, there can be trouble." Carlton therefore proposes that the roles of Jews in economic activity as "middlemen" resulted in "the stereotype of Jews as greedy and fanned the flames of antisemitism."²⁴

Basically, the antisemitism reflected envy. Jews earned incomes from the organization and distribution of production rather than from working the land. From the perspective of antisemites, Jews added value "without working" and were overly successful.

Jews were often excluded from occupations that required university certification. The denial of access to universities and restrictions on occupations of Jews were intended to diminish income-earning opportunities, which was consistent with the ideology that Jews should be inferior and should suffer. Yet, in the course of economic development, the heritage of occupational restrictions became a source of economic advantage for Jews. Had Jews been allowed own land and be peasants, tendencies might have been put in place for them to remain so.²⁵ Although denied admittance to universities, the Jews retained a traditional emphasis on literacy. There was a requirement to be literate to fulfill obligations of study of Jewish law and treatises. Cognitive ability depends on continuation of intellectual activity.²⁶ With Jews being required to educate children beginning from an early age as part of the requirement of being a Jew,²⁷ the transmission of the obligation to educate and to learn was the basis for a comparative advantage in activities requiring reliance on memory, reasoning, and initiative in problem solving. In contemporary times, the high regard for literacy and education has resulted in disproportionate creative contributions by Jews. In general, Jewish populations in cities around the world are also visibly prosperous.²⁸ Despite limited natural

²⁴ Simon Kuznets (1960, 1972) proposed that occupational patterns reflected the desire of Jews as a minority to retain their identity by maintaining specialization in selected "Jewish" occupations. Be this as it may, Jewish life is communal, which affected occupations by requiring Jews to live together in urban or village environments in which the ten men required for a "minyan" or quorum in the synagogue were readily available.

²⁵ Botticini and Eckstein (2005) investigated occupational change of Jews living under Islam in the first millennium of the common era and concluded that the transition of Jews from agriculture to urban occupations is explained by comparative advantage due to the Jewish emphasis on literacy and education. They report that Jews faced few if any occupational restrictions under Islam. Indeed, under Islam rulers would have wished Jews to be productive so that Jews could pay the special tax levied on Jews and Christians. See Borooah (1999) for another study of religion and occupation involving different Christian denominations.

²⁶ In countries in which the retirement age is lower, the decline in cognitive ability of the population is also greater (Rohwedder and Willis, 2010).

²⁷ See Carlton and Weiss (2001) on Jewish education.

²⁸ There are many economic studies of the links between religion and income. For example, for a broad ranging study, see Bettendorf and Dijkgraaf (2010), who find that religious observance is associated with higher incomes in high-income countries and lower incomes in low-income countries.

resources and the need to allocate disproportionate resources to defense, the State of Israel has been economically successful, with high income and high values of human development indicators such as literacy, gender equality in education, and life expectancy.²⁹ Through the kibbutz, Jews also confounded predictions that collective property (socialism) cannot succeed.³⁰

The antisemitic criticism that “Jews are too clever” reveals envy. Colleagues in England have reported that “Jews are too clever by half.” The bounty on the head of Albert Einstein was justified by Einstein being “too clever.”³¹

5. GROUPS AND IDENTITY

People discriminate by favoring others in their group and disfavoring those in other groups.³² Such behavior occurs when people who previously did not know one another are arbitrarily assigned to different groups.³³ People appear to obtain “expressive utility” from confirming their identity as a member of their own group and also by confirming that they are not a member of the other group.³⁴

When people live in small identifiable communities or groups, trust and cooperation allow economic and social outcomes to be achieved that are usually not possible for the broader population. Jews as minorities within larger populations may be envied — and feared — because of their ability to overcome the problems of distrust and disincentives for collective action present in the larger groups.³⁵

The opportunity may be present to join groups. People may, for example, choose to join groups that support a political party, or they may join different types of clubs. If Jews are a successful group, we envisage that people would wish to join the group.

In the case of a country club, people pay a membership fee; however, even if they are willing to pay the membership fee, they may be excluded. Jews as a people cannot and do not exclude. However, in the context of the traditional criteria, non-Jews cannot simply declare themselves to be Jews. Personal investments are required because of the need to learn and demonstrate knowledge of the obligations and responsibilities of being a Jew. There are also restrictions on behavior in being a Jew. In present times, non-Jews do choose to join the Jews notwithstanding the high personal investment. In

²⁹ On the economic success of the State of Israel, see Senor and Singer (2009). In 2010, Israel joined the OECD (the organization of developed high-income countries). Israel also ranks high among countries on human-development indicators. For example, life expectancy in Israel exceeds that of most OECD countries and exceeds that of all but four other countries worldwide (Chernichovsky, 2010).

³⁰ The success of a kibbutz has generally been limited to no more three or four generations, after which private property and personal incentives have been introduced. The kibbutz movement has also required public funds over the course of time for survival.

³¹ See Fischer (1998), noted by Cameron (2005, p. 156). Of course, not all Jews are “clever.” Ability is distributed in the population. Moreover, “cleverness” appears often to decline with generational distance from traditional Jewish values, confirming the role of intergenerational transmission of family values and attitudes to learning and critical enquiry.

³² See, for example, Sherif (1966) and Yan Chen and Sherry Xin Li (2009).

³³ See Tajfel and Turner (1979).

³⁴ See Hillman (2010).

³⁵ On group characteristics and the effectiveness of collective action, see Olson (1965).

previous times, because of antisemitism, it was uncommon for a non-Jew to wish to join the Jewish people. Historically, because Jews were required to live in designated permissible areas (ghettos), separateness was also an enforced consequence of Jews being required to live apart from the rest of the population.³⁶

The differences in identity associated with separation and belonging to different groups can evoke a sense that the groups are engaged in a contest.³⁷ When Jews are successful, antisemites view the contest as having resulted in an inexplicable and undesirable outcome that is the source of dissonance—and envy and fear.

6. POLITICAL LEADERS

Difficulties have arisen for Jews when governments and rulers have been antisemitic. Jews as a defenseless group have then been confronted with the harm that governments can do. Dennis Carlton (1995) observed that political leaders can organize the antisemitic sentiments of individuals in a population into collective hostility. Edward Glaeser (2005) of Harvard University similarly suggested that politicians and leaders use hate to form supportive political coalitions. In the most visible case of a government organizing harm of defenseless Jews, Hitler faced political competition (see Aleskerov, Holler, and Kamalova, 2010) and hence had need of political support from the population. The evidence is that Hitler did not need to convince an impressionable population that they should be antisemitic. Demonization or “satanizing” of Jews was deeply embedded in European culture (Katz, 1980; Carmichael, 1992). Goldhagen (1996) documents Hitler’s willing helpers. In contemporary times, it is uncommon for Western political leaders or parties to define themselves overtly as antisemitic with respect to intentions regarding the Jewish people, but the Jewish state as a collectivity representing the Jews allows expression by political leaders of antisemitic sentiment. The antisemitic rhetoric of

³⁶ In economic analysis, the “theory of clubs” describes inclusion in and exclusion from groups. A “club” in general terminology describes people coming together for a common purpose, which can be to enjoy themselves or to benefit others through charitable acts. Economic theory has formalized the idea of a “club” as a means for people to benefit collectively in ways that they could not do alone. The theory applies to people confirming common identity. Club theory was introduced by Buchanan (1965), with the assumption that people can choose to join any club that they might wish. The possibility of exclusion was introduced by Ng (1973) and Helpman and Hillman (1977), and was further developed in terms of willingness to pay for entry by Hillman and Swan (1983). Cameron (2009) reviews how the theory of clubs can be applied to explain prejudice. Iannaccone (1992) uses the theory of clubs to describe membership of groups defined by adherence to religion. Berman (2000) describes orthodox Jews as belonging to a club for which the price of admission is strict adherence to Jewish traditions and engaging in subsidized full-time Jewish learning. He also notes that a consequence of membership is high fertility. The implication is that orthodox Jews are willing to pay the price of admission, which includes time, but other Jews are not (not all Jews are of course orthodox). An alternative explanation is that orthodox Jews obtain expressive utility from their Jewish learning, from their strict adherence to Jewish traditions, and from their children. In that case, in distinction to Berman’s hypothesis, orthodox Jews do not perceive themselves as making a “sacrifice” in being orthodox. They view adherence to Jewish traditions as a source of personal benefit rather than a personal cost.

³⁷ For elaboration on contests involving groups, see Tan and Zizzo (2008). On divisiveness associated with groups, see Makowsky (2011). Konrad (2009) provides an overview of the economic theory of contests.

politicians is an indication that the rhetoric is favorable for political support. Political leaders can also signal antisemitic sentiment through voting in international bodies.³⁸

7. WHY DOES PREJUDICE DIFFER AMONG POPULATIONS?

Why does prejudice against Jews differ among governments and populations? The rhetoric of antisemitism is prevalent in Europe, and European governments have in general exhibited lack of sympathy for the Jewish state. In the United States, anti-semitism is a marginal phenomenon outside of the ideological (and principally academic) left and some fringe groups on the right. Protestant groups in the United States in particular are principal defenders of the Jewish state against the new antisemitism. In the United Nations, it has been the Security Council veto of the United States that has saved Israel from enmity that in general includes votes of European governments. The popular belief in the United States is that personal success is primarily the consequence of effort. In Europe, the popular belief is that personal success is due primarily to luck. The belief in luck underlies envy of people who, through "luck," have undeserved rewards. The preference for social equality is also greater when people believe that personal outcomes are due to luck rather than effort.³⁹ Egalitarian preferences disfavor success through effort. Europeans work fewer hours and take more vacations, and retirement is on average earlier than in the United States.⁴⁰ Europeans have exhibited greater tolerance in their welfare states for people who have been "unlucky," without enquiring into the reasons for lack of self-reliance. Europeans have also exhibited sympathy for immigrants independently of the productive contributions of the immigrations to the home society, ostensibly on the grounds that the immigrants have been "unlucky" in having been born in the countries from which they came.⁴¹

In the United States and other countries of settlement, such as Australia and Canada, where effort rather than luck is viewed as the primary reason for personal success, old and new antisemitism find less expression than in Europe. People envy less and they fear less the success of others. Indeed they tend to admire rather than envy success. In these societies, where effort rather than luck is viewed as the basis for success, Jews and the Jewish state have been broadly admired for their successes. Among European populations and governments, Israel is more often criticized than admired.⁴²

³⁸ The United Nations is the leading international forum for antisemitic rhetoric and voting (see US Department of State, 2008). Bayefsky (2004) estimated that 25 percent of UN resolutions have had the purpose of criticizing Israel.

³⁹ See Alesina and Angeletos (2005).

⁴⁰ See Alesina, Glaeser, and Sacerdote (2001, 2005) and Blanchard (2004).

⁴¹ See Nannestad (2007).

⁴² The United States has often independently exercised its UN Security Council veto in defense of Israel. However, not all US presidents have been sympathetic to Israel, and the State Department has often been a source of enmity. On the records of US presidents' support for Israel, see Podhoretz (2009); on the State Department and other US government agencies, see Loftus and Aarons (1994). With regard to Europe, traditional indigenous Europe is in demographic decline (see, for example, Berman, Iannaccone, and Ragusa, 2007, and Azarnert, 2010). The demographic change is documented to be accompanied by a change in the proportion of the population for whom work ethic is a primary value (see, for example, Nannestad, 2004). Reference to the demographic change is often silenced by invoking the guilt of past treatment of Europe's Jews. A question that can be asked is whether European elites blame the Jews for the path of demise of indigenous European society.

8. PEOPLE BELIEVE WHAT THEY WANT TO BELIEVE

Professor Bryan Caplan of George Mason University has described how people choose to believe what they want to believe and choose the beliefs that give them the most personal satisfaction (Caplan, 2007). Or they choose an ideology and maintain views and behavior specified by the principles of the ideology that they have chosen. If this is the case, on encountering an antisemite, there is no point in presenting evidence that counters antisemitic beliefs. Antisemites choose what they want to believe about Jews and the Jewish state. They predicate their beliefs on the “big lies” that are used to justify demonization or, depending on the tone, “criticism” and recommend to Jews that they take actions or “make concessions” that compromise the personal safety of Jews.

Referring, for example, to the population exchange between Arabs and Jews from Arab states that took place in the early years of the Jewish state will not move an antisemite to stop condemning Israel “for creating refugees.” Sustaining the 1948 refugees and their families as perpetual refugees is part of antisemitism. As long as the “refugees” continue to exist, the Jewish state is threatened.⁴³

There is also no point, for example, in drawing a comparison with the population exchanges of Hindus and Muslims that took place when the Indian sub-continent was partitioned and the states of India and Pakistan were created around the same time as the creation of the modern State of Israel. Parallel circumstances and information do not matter for antisemitic sentiment and rhetoric.⁴⁴

9. THE MEDIA

The media should in principle inform. However, people often seem to choose to be informed by media whose positions they know beforehand and whose views they know they will find agreeable and appealing and will reinforce their own predispositions.⁴⁵ The rhetoric of antisemitism is profitable for the media in attracting an audience that obtains satisfaction from confirming pre-existing antisemitic sentiments. In a society with sufficient antisemitic sentiment and with people believing what they want to believe, the media may, for reasons of profit, choose to report the “big lies,” demonize Jews, and describe Jewish self-defense as aggression.⁴⁶

⁴³ The United Nations provides intergenerational continuity of refugee status only to Arabs displaced as a consequence of the modern independence of the Jewish state.

⁴⁴ The behavior of people believing what they want to believe can be present at the highest ostensible intellectual levels. Time preference is an economic concept describing willingness to defer gratification. People with a low rate of time preference succeed because they invest for future benefit rather than consuming in the present. Peart and Levy (2005, p. 24) describe the reaction of the statistician Karl Pearson on finding that, contrary to the outcome he wished for, data appeared to show a lower rate of time preference for the Jews than for the British. Jews were therefore “superior” to the British in patience in waiting for future benefits and in not behaving impulsively, but Pearson nonetheless chose to interpret his data as revealing deficiencies of Jews—confirming that people believe what they want to believe.

⁴⁵ See Iyengar and Hahn (2009) and also Mullainathan and Shleifer (2005) on the “market for news.”

⁴⁶ The new antisemitism can be present in media in which left-wing Jews determine content and in which Jews are obliged to follow reporting guidelines.

10. CONCLUSIONS

Jews, like other peoples, do not like to be disliked. Where there is a problem, it is natural to seek a solution. With antisemites believing what they want to believe, and with governments and media in many countries responding to and reinforcing the culturally transmitted prejudice against Jews — and focusing the prejudice on the Jewish state — the “problem” does not have a mutually acceptable solution. Antisemites are therefore left to remain unhappy because of dissonance, as well as envy and fear. There is an incongruity in simultaneously envying and fearing Jews. This incongruity is expressed in the claim, for example, that Albert Einstein belonged to a population of inferior people or “Untermenschen.” The incongruity reflects antisemites’ attempts to resolve their dissonance.

Antisemites are, of course, but a part of the populations in which they are to be found, albeit with different levels of prominence. In any society, antisemitism is viewed as a prejudicial and self-demeaning ideology by people whose nature it is not to envy and who admire rather than fear the success of others.

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