**Why do Israelis Discriminate?**

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*Why do Israelis discriminate? This project disentangles the mechanisms generating discrimination in Israel. We let a random sample of the Israeli Jewish population play four games with fictitious partners who belong to one of five social groups: Women, Arabs, Ultra-Orthodox Jews, Mizrahi Jews and Ashkenazi Jews. A “dictator game” was used to investigate emotions of dislike; A “trust game” was used to explore mistrust; A “competence game” was used to explore beliefs about competence and intelligence; and a “donation game” was used to investigate beliefs about moral entitlement. Ultra-Orthodox Jews were discriminated against in the dictator game, but were favored in the trust game, suggesting that they are disliked but viewed as trustworthy. Women were generally favored, compared to men, across all games. Mizrahi Jews were given less money by Jewish men in the trust game, which suggests that Mizrahi Jews are viewed as not trustworthy by Jewish men. Above all of the other social groups, Arabs were found to be the most discriminated against group, across all of the domains measured. The implications of this research are broader than the population studied, as it highlights the need to better understand the differences and similarities across different forms of discrimination.*

**I. Introduction**

This project takes an experimental approach to disentangle the different mechanisms generating discrimination in Israel against four social groups: Women, Arabs, Ultra-Orthodox Jews and Mizrahi Jews – representing discrimination based on gender, race, religion and ethnicity.

Four forms of discrimination have been identified in the theoretical and empirical literature on discrimination. The first form is taste discrimination, which occurs when disparities are the result of discriminators’ tastes – their likes and dislikes of certain social groups. With this form of discrimination, the discriminator is willing to forgo material gain in order to cater to her tastes (Becker, 1957; Neumark, 1999). Two other forms of discrimination are statistical discrimination (Phelps, 1972; Arrow, 1973; Budig & England, 2001: 208–210) and mistaken-stereotypes discrimination, and both arise due to cultural beliefs about social groups.[[2]](#footnote-2) These beliefs tend to center on ability and performance, with members of certain social groups perceived to be more able or to perform better than members of other groups in particular contexts. When the cultural beliefs are statistically supported, people who take these statistics into account (without testing them in the individual case) engage in statistical discrimination. When cultural beliefs are statistically erroneous, people who take the statistics into account practice mistaken-stereotypes discrimination. The fourth form of discrimination is normative discrimination, which occurs when people act in accordance with their normative evaluations and moral judgments. With this form of discrimination, people are discriminated against not because it is perceived to be costly to interact with them, but because their actions are viewed by others as normatively wrong. Often, certain social groups experience more than one form of discrimination, and empirically disentangling the four forms is very difficult (Benrad & Correll, 2010; Neumark, 1999). Here, we wish to distinguish between the following four types of discrimination, and document which plays out against each of the groups we explore: (1) taste discrimination (2) stereotypical/statistical discrimination generated by beliefs about trustworthiness (3) stereotypical/statistical discrimination generated by beliefs about competence (4) normative discrimination.

We test for the occurrence of these four types of discrimination in relation to the four main disadvantaged groups in Israel: Women, Arabs, Ultra-Orthodox Jews and Mizrahi Jews. This four disadvantaged groups represent also some of the most dominant types of discrimination across the globe – gender, ethnic, race and religion based discrimination.[[3]](#footnote-3) Comparing across the four types of disadvantaged groups would enable us to receive a more comprehensive picture of the complexity of discrimination and its variations across contexts. The premise of the paper is, therefore, that each devalued group suffers from a different form of discrimination that is generated by different behavioral mechanisms, which the experiment disentangles. We let participants play four games with fictitious partners who vary by their traits and document their behavior. A “dictator game” is used to investigate negative emotions of dislike. A “trust game” is used to explore mistrust. A “competence game” is used to explore beliefs about competence and intelligence; and a “donation game” is used to investigate beliefs about moral entitlement.

All games are endowment games. Participants were paid by the games’ outcomes (and have learned about the payment in advance), so that they have had strong incentives to behave according to their true emotions and beliefs. Thus, the results of the experiments provide direct evidence for the various mechanisms generating discrimination in the Israeli society., because of the uniquely large sample and the experimental design, this study offers both the internal validity that characterizes experiments conducted in controlled settings, and the external validity that characterizes studies of large random samples of the population.

We therefore contribute to the existing literature on discrimination, by offering an innovative methodology to disentangle the different mechanisms generating discrimination, by documenting differences in the types of discrimination targeted at different social groups and by offering both internal and external validity to our findings.

### Devalued Social Groups in Israel

Arabs

Arab-Israelis comprise about 21% of the Israeli population[[4]](#footnote-4) and discrimination against Arab-Israelis is considered as the most common type of labor force discrimination.[[5]](#footnote-5) On average, there is a 40% pay gap between Arab and Jewish employees.[[6]](#footnote-6) While this gap is partly attributed to differences in education and socio-economic backgrounds, it must be the product of racial discrimination. Interestingly, this gap is almost identical to the black-white wage gap in the United States (Proctor, Semega & Kollar, 2016). It should be noted, however, that discrimination against Arabs in Israel has unique, non racial characteristics: most prominently, that Arabs are stereotypically thought to impose a greater safety risk, presumably due to the ongoing Israeli-Palestinian conflict (Bar & Zussman, 2016).

In a 2015 survey 39% of Arabs reported feeling discriminated against[[7]](#footnote-7) and 42% of the employers reported that they would prefer not to (or are less eager to) employ Arabs.[[8]](#footnote-8) In high-skilled occupations, where beliefs about skill and talent tend to become very relevant, only 20% of Arab scientists and engineers have found jobs in their occupation and 51% as lawyers and economists (Soen, 2012). It was found for example, that Jewish lawyers are four times more likely to be invited to a job interview compared to Arab lawyers (Ariel et al., 2015). Interestingly, while by all measures, the discrimination against Arabs is the most pervasive form of labor force discrimination in Israel, nonetheless only 8% of the cases brought to equal employment opportunity commission are related to Arabs. This gap may be the result of the lack of trust of the Arab population in the judicial system.

### Women

Israeli women experience a gender wage gap of about 20%, which is similar in its magnitude to its American counterpart. Women and men also tend to work in different occupations, and this segregation contributes significantly to the gender wage gap. In a 2013 survey conducted by the Israeli government only 11% of the women reported having been discriminated against during the process of looking for a job. Nonetheless, 23% of mothers to young children under six reported experiencing being discriminated against while being employed.[[9]](#footnote-9)About 61% of all cases brought to the Israeli Equal Employment Opportunity Commission were related to gender discrimination.

Mizrahi Jews

Jews who immigrated to Israel from North African and middle eastern countries ('Mizrahi Jews') have been experiencing employment discrimination compared to the Jews who immigrated from Europe and North America ('Ashkenazi Jews'). One common belief is that as more and more Israelis marry across origins, this form of ethnic discrimination will disappear. Nonetheless current studies suggest that Mizrahi Jews are discriminated against both in terms of hiring and in terms of wages, especially in high-status occupations (Sasson, 2006; Ariel et al., 2015; Rubinstein & Brenner, 2014). Rubinstein & Brenner (2014) found, by examining the wages of people born to inter-ethnic couples, that people bearing a stereotypically Mizrahi surname receive significantly lower wages, implying a causal impact of a mistakenly perceived ethnicity. From periodical surveys conducted in the general population, it was found that in the beginning of the 1990's the annual wage of Mizrahi men was 67.7% of that of Ashkenazi men. In the late 1990's it was found that the wage gaps were about 12% *after* controlling for education, experience and non-ethnical demographic characteristics; similar to the back-white wage gaps in the United States. A recent survey found that in 2014 the average wage of Mizrahi Jews was still significantly lower – 78.2% of that of Ashkenazi Jews.[[10]](#footnote-10)

Ultra-Orthodox Jews

Ultra-Orthodox Jews (or “Haredi” Jews) constitute about 10% of the Israeli population. Although for many years Ultra-Orthodox men had not participated in the Israeli labor force, in recent years, they have been increasingly entering it. Because of the relatively low participation in the labor force, most Israelis report that that they have never worked with Ultra Orthodox men.[[11]](#footnote-11) In a 2014 survey, more than 30% of employers reported that they didn’t want or were not eager to work with Ultra-orthodox co-workers.[[12]](#footnote-12) 25% of the participants believed that because Ultra Orthodox do not study Math and English in school, they do not possess the needed qualifications to be employed. In a recent report it was found that average monthly wage of Ultra-Orthodox Jews was 72% of that of the average monthly wage in the general population, though this could be partly be explained by the fact that Ultra-Orthodox Jews are more inclined to work in part time jobs.[[13]](#footnote-13)

**II. The Experiments**

We used internet-based experiments to disentangle the different mechanisms generating discrimination in Israel. The experiments were conducted on-line by the Dialogue Research Institute. Participants in the experiments were 1,078 Jewish Israelis,[[14]](#footnote-14) constituting a representative sample of the Israeli-Jewish adult population, thus granting the experiment a grounded external validity with regard to the discrimination patterns that exist in the Israeli-Jewish society. Table 1 presents the distribution of some relevant personal and demographic characteristics of the participants.

[Insert Table I Here]

 As detailed below, each participant played three games with three different computerized partners that were presented as real people playing from distant computers. In effect, the partners were computer algorithms, programmed to react in a consistent manner that was independent of the participant's choice of action.[[15]](#footnote-15) The computerized partners bear one of five types of first and last names, and a city of residence. The names chosen are culturally associated with five social groups: Ashkenazi secular Jewish men, Ashkenazi Jewish women, Arab men, Ultra-Orthodox Jewish men and Mizrahi Jewish men.[[16]](#footnote-16) The Ashkenazi secular Jewish men are the baseline group, assumed to be less prone to discrimination, and the other four groups each represent a single deviation from the baseline on the dimensions of gender, race, ethnicity or religiosity.

Upon completing the games, players were given an option to donate some of the money they gained in the games to a social cause of their choice, corresponding with the causes of reducing inequality on the basis of each four groups on which we focus, or with increasing market entrepreneurship. Thereafter, participants were asked to evaluate their game partners on several dimensions and to report their attitudes on discrimination in Israel. Ultimately they were paid the net amount of money accumulated throughout the various stages of the experiment.

**A. Taste Discrimination: The Dictator Game**

The first game played by participants was a Dictator Game that was designed to investigate the effect of dislike toward different groups in the Israeli society (taste discrimination). Dictator games were first used to investigate fairness. Fershtman and Gneezy (2001) later used this method to explore ethnic discrimination. This is a one-stage game in which the research participant receives 10 NIS[[17]](#footnote-17), and is asked to divide them between herself and her partner. The gains in this game do not depend on the partner’s behavior and in fact, the partner in this game does not play any role. Possible partners in the game were fictitious partners who bear one of five types of first and last names.

First, game partners was randomly chosen and displayed to the players. Then, the player chose the amount of money to be transferred to her partner (between 0 and 10), while the rest remained in her possession.

At the beginning of the game, it was made clear to the participants that the partner in this game is passive, i.e. not impacting the outcome in any way, and that their choice whether to give some of the money to the partner would conclude the game vis-à-vis that partner. Therefore stereotypes about trust and competence were irrelevant in this game. Differences in the money allocated to partners with different names, would provide evidence for *taste discrimination* generated by feelings like dislike, pity, admiration, disgust, jealousy etc., toward members of social groups.

Figure I illustrates the average amount of money (out of 10 NIS) each group of fictitious partners received. The average amount transferred was 3.3 NIS, which is roughly consistent with previous studies conducted in a similar fashion (Forsythe et al., 1994; List, 2007), on their high end.

[Insert Figure I Here]

 Women received on average an amount higher by 8.57% compared to all the other social groups combined [p < 0.05], though not so when compared to Mizrahi men separately, and only marginally significant more than Ashkenazi men when compared separately [p = 0.06]. At the opposite end, Arabs received 7.66% less than all of the other groups [p < 0.05]. The differences across all the social groups of receivers in this game are not overall significant, but when distinguishing across the traits of research participants many important differences arise. First, it seems that the overall differences across the social groups are driven mostly by the behavior of men participants, i.e. men exhibit more taste discrimination than women do.

[Insert Figure II Here]

Overall, women transfer on average 3.38 NIS out of the 10 NIS and the differences across the social groups of the recipients were insignificant. Men however, transfer 3.22 NIS on average, but the amounts vary considerably across the different social groups [F(4,489) = 2.64, P < 0.05]. Thus, for example, on average men transfer to women 21.6% more than they transfer to Arabs, and 32.4% more than they transfer to Ultra-Orthodox Jews. Whereas women participants do not transfer to women more than they do to men – men in general nor to Ashkenazi men – men participants transfer to women an amount higher by 15.47% compared to the rest of the groups combined [p < 0.05]; though there is no significant evidence that men give women more than they give Ashkenazi men, when examined separately.

On average, non Ultra-Orthodox Jews give Ultra-Orthodox Jews an amount that is 7.2% lower compared to the rest of the groups, though this result is only marginally significant [p = 0.07]. However, when zooming into the Jewish society, i.e. leaving out of the analysis the Arab partners, Ultra-Orthodox Jews receive 8.9% less from non Ultra-Orthodox Jews than the rest of the Jewish groups receive, and it is statistically significant [p < 0.05]. On the other hand, we did not find that Ultra-Orthodox Jews treated Ultra-Orthodox partners differently than others.

 Interestingly, non Mizrahi Jews give Mizrahi Jews 10.83% more, on average, than to all other social groups [p < 0.05]; while Mizrahi Jews give to members of their group 13.3% less compared to all other social groups, though this difference is only marginally significant [p = 0.08].

Finally, it should be noted that we did not find that Ashkenazi Jewish participants gave Ashkenazi partners different amounts than those they gave to all other groups.

**B. Statistical/Stereotypical Discrimination: The Trust Game**

The second game played by participants was a Trust Game that was designed to investigate the effect of mistrust toward different social groups in the Israeli society. It was originally used to study trust in general and later to explore ethnic discrimination (Fershtman and Gneezy, 2001). This is a two-stage game: At the first stage, the research participant gets 10 NIS and is asked to decide whether to transfer some of it to her partner, who seemingly belongs to one of the five social groups that we focus on. The decided sum is then tripled by the experimenter and transferred to the (fictitious) partner; At the second stage, the partner is asked to decide whether she wants to transfer some of the money back to the research participant and how much. At that point the algorithm was executed in a way that the partner gave back half of the tripled amount. Evidently, in the sub-game perfect Nash equilibrium of this single shot game – the second players are expected to keep the entire sum to themselves, and thus the first players' best response is to keep the entire 10 NIS to themselves in the first place. Therefore, because gains for the research participant in this game are achieved through cooperation, the amounts she decides to transfer to her partner will serve as an indicator for the trust she has toward her. Thus, differences in the money transferred to partners with different names would provide evidence for discrimination generated by mistrust.

Figure III illustrates the average amount of money (out of 10 NIS) each group of fictitious partners received. The average amount of money transferred was 3.9 NIS which, as in the Dictator Game, is roughly consistent with previous studies conducted under similar conditions (Berg, Dickhaut & McCabe, 1995). However, with regards to the social groups of recipients, the results show several different patterns of discrimination compared to the results obtained in the Dictator Game.

[Insert Figure III Here]

Ultra-Orthodox Jews received an amount higher, on average, by 12.33% compared to all the other groups combined [p < 0.05], reflecting a significant higher level of trust given to members of this group. Arabs, on the contrary, received on average an amount lower by 10.73% compared to all the other groups combined [p < 0.05].[[18]](#footnote-18) Overall, the differences between the amount transferred to partners, across the social groups, are only marginally significant [F(4,1021) = 2.24, P = 0.06].

[Insert Figure IV Here]

 Men transfer on average 4.17 NIS out of the 10 NIS, while women transfer on average 3.58 NIS, which is 14.1% less than men [p < 0.01], implying that women are either less trusting or more risk-averse, on average (see Schubert et al., 1999; Borghans et al., 2009). With regards to the recipient groups, the differences between the amounts transferred by men across the social groups is insignificant, while the amounts transferred by women varies significantly across the social groups [F(4,528) = 3.2, P < 0.05]. Interestingly, it seems that most of the variance is attributed to the small amount women transferred to Arabs, 2.88 NIS on average, which is 23.07% less than the average amount transferred by women to the rest of the social groups combined [p < 0.01]. Men participants, however, give the smallest amount on average to Mizrahi Jews partners, 13.3% less than they give to the rest of the groups of partners combined [p < 0.05].

As mentioned, Ultra-Orthodox Jews received on average an amount higher by 12.33% than the rest of the social groups combined [p < 0.05]. Even more so, Ultra-Orthodox Jews received *from non Ultra-Orthodox Jews* an amount higher on average by 16.05% than the rest of the groups [p < 0.01]. On the other hand, there is no statistically significant evidence that Ultra-Orthodox Jews gave their group members a different amount compared to the amounts they gave on average to the other social groups. This implies that Ultra-Orthodox Jews are perceived as trustworthy by non Ultra-Orthodox Jews, but not necessarily among themselves. We found no further significant in-group or out-group effects in this game with regards to Mizrahi or Ashkenazi Jews participants and partners.

**C. Statistical/Stereotypical Discrimination: Competence Game**

The third game was a Competence Game that was designed to investigate the effect of stereotypes about the competence associated with different social groups in the Israeli society. In this game research participants were told that that they were going to answer 10 SATs style logic questions together with their (fictitious) partners. Participants were told that they will be working in pairs and paid by their joint performance – 2 NIS for each correct answer that will be divided equally between the participant and her partner. Here, again, partners varied by their names. Participants were also told that there was a time limit to the assignment and that each partner will have ten minutes to answer the questions allocated to her, regardless of the number of questions.

Because there was a time limit to the assignment, there was an incentive for the research participants to divide the questions equally, unless participants believed that they were more competent (or less) than their partners. Thus, differences in the allocation of questions across partners with different names, would provide evidence for discrimination generated by stereotypes about competence. Finally, participants were informed how many of the questions were solved correctly by their partners, the partners being programmed to succeed in solving half of the questions allocated to them (rounded down).

The average number of questions assigned to a fictitious partner was 4.02, when 15% of participants gave their partners 0 questions; 19% gave 1–4 questions; 58.6% gave exactly 5 questions; and only 7.4% gave their partners more than half of the questions. Thus, there is a ratio of 1:4.5 between participants who perceived their partner as being more capable than themselves and participants who saw themselves as more capable than their partners, implying participants may have been over-optimistic in predicting their success. Perhaps surprisingly, applying a two-sample K-S test reveals no significant difference between men and women as to the number of questions they allocate to their partners, implying that women do not evaluate their own competence differently than men do. Though seemingly surprising, this is consistent with several previous studies (see e.g. Johnson & McCoy, 2000; Chusmir & Koberg, 1991).

Figure V illustrates the average number of questions (out of 10) each groups of partners was given to answer.

[Insert Figure V Here]

With regards to the level of competence ascribed to the different members of the social groups – we find no statistically significant difference across the groups, excluding the group of Arabs. Arabs received on average 5.8% less questions than the rest of the groups combined, and this difference is marginally significant [p = 0.065]. Additionally, we do not find significant differences in the manner in which participants treat the social groups of partners who belong to their own social groups (in-group effects); nor to the partners who do not belong to their own social groups (out-group effects).

**D. Normative Discrimination: Donations**

 In the final stage of the experiment, participants were asked whether they wanted to donate any part of the money they earned to one of five non-profit organizations. The first four organizations were described as aimed to promote the employment of the following four discriminated groups in Israel: women, Mizrahi Jews, Arabs and Ultra-Orthodox Jews. The purpose of the fifth organization was the promotion of business entrepreneurship in Israel. Participants’ choices of what organizations they wish to donate to, allowed us to measure their stated preferences among the social categories we have compared, as well as their willingness to pay for these stated preferences.

66.5% of the participants kept the entire sum of money they earned to themselves. Figure VI presents the distribution of the chosen donation target among the remaining 33.5% of participants who all decided to donate some of the money they received. As evident from the pie chart, among the social groups on which we focus, the employment of women and Ultra-Orthodox Jews were the most common donation targets, constituting 33.9% and 25.6% (respectively) of the social causes chosen by the participants who donated some of the money they earned; while only 9% chose to donate to the promotion of either Mizrahi Jews or Arabs employment.

[Insert Figure VI Here]

Note that we term the decision to donate 'normative discrimination' regardless of the motives of the donor. We do not know what the motives of the participants in our study were. In fact, there may be many different motives that lead to donation to the causes we chose. People may donate because they think a group is discriminated against although it should not be, or because they pity its members, or because of other related ideological motivations[[19]](#footnote-19).

 On average, women were slightly more inclined to keep the entire sum to themselves – 69.5% of women compared to 63.4% of men [p < 0.05]. On the other hand, among the participants who donated some part of their money, women donated on average an amount higher by 34% compared to men [p < 0.01].[[20]](#footnote-20) Women were 2.5 times more likely than men to donate some of the money they earned to promote women’s employment [p < 0.01], while men were 2.1 times more likely than women to donate some of the money they earned to promote entrepreneurship [p < 0.01]. Similarly, Ultra-Orthodox Jews were 6 times more likely than non Ultra-Orthodox Jews to donate some of the money they earned to promote the employment of Ultra-Orthodox Jews [p < 0.01]. We found no significant difference between Mizrahi and non Mizrahi Jews participants with regards to the likelihood of donating money to promote Mizrahi Jews employment.

Next we explore whether being matched in a previous game to a partner from a particular social group affects the likelihood to donate to that group. Participants who had an Ultra-Orthodox Jew as a partner in the Trust game were 1.5 more likely to donate some of their money to the cause of promoting the employment of Ultra-Orthodox Jews, compared to those who played the game vis-à-vis different partners [p < 0.05]. There is no evidence of a similar effect among those playing the Dictator game, nor the Competence game against an Ultra-Orthodox Jew partner, implying that the fair reaction of the algorithm in the Trust game (giving back half of the tripled amount) had a positive impact on the normative evaluation of the members of that group.

Similarly, participants who played the Trust game with a woman partner were 1.6 more likely to donate to the cause of promoting the employment of women [p < 0.01], while playing the *Dictator* game against a women had an opposite effect; participants were 2.1 *less* likely to donate to the cause of promoting the employment of women [p < 0.01]. This negative effect may be explained by ”moral licensing”, i.e. that the generosity towards women partners in the Dictator game licensed participants not to donate to the cause of promoting the employment of women in a later stage of the experiment.[[21]](#footnote-21) Playing with a woman partner in the Competence game had no significant effect.

Surprisingly, playing with an Arab partner in the Trust game had a negative effect on the likelihood to donate some of the money to the promotion of Arabs employment [p < 0.05], while playing with an Arab partner in the Competence game had an opposite, positive effect [p < 0.01]. Playing against an Arab partner in the Dictator game had no significant effect.

 Finally, playing against a Mizrahi partner had no significant effect in any of the games.

While it seems that in some cases, participants donation decisions were affected by the identity of their partners, the fact that its existence and direction were not consistent across all social categories and all games make it hard to formulate the nature of this effect. Indeed, our results show that interaction with members of disfavored social group may have an impact on the exposed agent's biased opinions regarding that group, and that this effect should be further studied.

**E. Stereotypes**

After completing the games and deciding whether to donate some of the earnings, participants were asked to evaluate the different partners they played with, on several dimensions of personality traits. The questions were inspired by the Stereotype Content Model (Fiske et al., 2002) and participants were asked to evaluate whether each partner they played with was warm, nice, sincere, capable, confident and talented. Additionally, participants were asked to rate their overall satisfaction from each of their game partners. The evaluations of participants of the players they played with in the Dictator game can provide evidence for the stereotypes attributed to each of the four social groups (because in this game partners did not do anything).

Figure VII illustrates the average evaluation of the partners from the 4 social groups in the Dictator Game, across the 6 dimensions of personality traits. The differences across the social groups in the evaluation of all traits other than 'confident' are significant [p < 0.01], even though the partner in this game is completely passive. Women and Ashkenazi Jewish men are perceived as the warmest, nicest, talented etc., whereas Arabs were evaluated the lowest at all of these traits. Some of the stereotypes are driven by a subgroup of the participants. Interestingly, men perceived women as warmer by 11.6% compared to the warmth attributed to the partners in the rest of the groups [p < 0.01], while there is no significant evidence that women perceive women as warmer compared to all other groups. Finally, the differences across the social groups in the overall satisfaction from the partner in the Dictator Game are significant [F(4,998) = 3.02, P < 0.05], and in a similar order – with women as partners receiving the highest satisfaction rate, and Arab partners the lowest.

[Insert Figure VII Here]

In figure VIII we show the traits ascribed to members of the five social groups on a two-dimensional system, distinguishing between the traits associated with warmth, and the traits associated with competence. The dimensions were constructed using a factor analysis and fit with the literature in the field of stereotypes. The warmth dimension includes the traits: warm, nice and sincere. The competence dimension includes the traits: capable, confident and talented. As evident from this portrayal of the data, Arabs on the one hand are viewed as the least warm and competent; and on the other end Ashkenazi men and women are viewed as the most warm and competent – with men being seen as slightly more competent and women as slightly warmer.

[Insert Figure VIII Here]

 At the end of the study, participants were asked whether and to what extent does each of the four social groups in Israel suffer from discrimination on a scale of 1 to 5. Surprisingly, Arabs received the lowest average score of 2.92;[[22]](#footnote-22) Mizrahi Jews received a score of 2.93; and finally, Ultra-Orthodox Jews and women were perceived as the most discriminated groups, each given an average score of 3.21. However, it seems that the perceived discrimination is strongly driven by the beliefs of the members of the discriminated groups.

Ultra-Orthodox Jews rated the discrimination against them as 37.7% higher than non Ultra-Orthodox Jews rated it [p < 0.01]; women rated sex-discrimination as 12.8% higher than men rated it [p < 0.01]; and Mizrahi Jews rated the discrimination against them as 12.8% higher than non Mizrahi Jews rated it [p < 0.01]. These results show that the perceived discrimination against the four social groups is both ill-informed and strongly biased, emphasizing the importance of understanding the different mechanisms driving discrimination, as will be discussed in the following chapter.

**III. Discussion**

 In this paper we document four different forms of discrimination in Israel: discrimination against Arabs, women, Ultra-Orthodox Jews and Mizrahi Jews and the mechanism that generate them. The main contribution of this paper is in highlighting the importance of distinguishing between taste and statistical/stereotype discrimination and their contributions to the different forms of discrimination. This approach to the study of discrimination enables us to better understand what generates discrimination against each of the four devalued groups. In terms of methods, we adopt an experimental survey approach on a representative sample of the Jewish population, involving real payment for participants, and thus we achieve both internal and external validity to our findings.

Arabs are the most discriminated group by Israeli Jews, and this effect is consistent when examined by the different forms of discrimination. In the Dictator game Arabs were given on average the smallest amount of money, and even more so by men participants, implying that Arabs are disliked by Israeli Jews. In the Trust game Arabs were also given the smallest amount of money, and even more so by women participants, implying they are also the least trusted by Israeli Jews. In the Competence game Arabs were only marginally significantly disfavored, implying Arabs are also perceived as the least competent. Not surprisingly, the promotion of Arab employment was the least likely cause of donations, when playing against an Arab partner in the Trust game had a negative effect on the likelihood of donating, and playing against an Arab partner in the Competence game had a positive effect. Arab partners were rated as the least warm and competent, and participants were least satisfied by their Arab partners. Nevertheless, Israeli Jews mistakenly rated the discrimination that is prevalent against Arabs as the least severe.

The magnitude of discrimination against Ultra-Orthodox Jews is dependent on the specific form of discrimination studied. In the Dictator game, non Ultra-Orthodox Jews gave Ultra-Orthodox Jews smaller amounts compared to those that non Ultra-Orthodox Jews received, and even more so by men participants, implying a strong dislike towards orthodox Jews. On the other hand, in the Trust game Ultra-Orthodox Jews were given the highest amounts on average, implying a high level of trust given to members of this group. Interestingly, there is no evidence to the existence of this effect among Ultra-Orthodox Jews themselves. The cause of promoting employment of Ultra-Orthodox Jews was a central target for donations, and this effect was somewhat driven by participants who had Ultra-Orthodox Jews as partners in the Trust game as well as by Ultra-Orthodox Jews participants, who strongly favored themselves. Ultra-Orthodox Jews were viewed as more warm and competent than Arabs, but less than secular Ashkenazi men and women; And finally, Ultra-Orthodox Jews were perceived as the most discriminated against group by research participants.

 Women and Mizrahi Jews were generally less discriminated against compared to Arabs and Ultra-Orthodox Jews. In the Dictator game women received on average the highest amount, although women were not significantly favored when compared only to Ashkenazi men. In the donations game, promoting the employment of women was the most frequent donation target; though this may be attributed to the fact that, naturally, women were the largest group among the participants, alongside with the fact that members of the groups generally inclined to donate to the cause of promoting their own group. Additionally, playing against a woman in the Trust game had a positive effect on the likelihood of donating to the promotion of women's employment, while playing against a woman in the Dictator game had an opposite, negative effect. Finally, women were perceived as the most warm and competent among the social groups, and participants were the most satisfied with women as partners. Nevertheless, sex discrimination (together with discrimination against Ultra-Orthodox Jews) was perceived by the participants as the most severe form of discrimination, compared to discrimination against Mizrahi Jews and Arabs.

Mizrahi Jews did not receive significantly different amounts on average in the Dictator game, but they were surprisingly given more money from non Mizrahi Jews than from members of their own group. However, in the Trust game Mizrahi Jews received less money from men compared to the other groups. This implies that while there is no distinct dislike towards Mizrahi Jews (compared to Arabs and Ultra-Orthodox Jews), they are nonetheless relatively mistrusted. In the Competence game there were no significant differences regarding Mizrahi Jews. In the donation part, the promotion of Mizrahi Jews employment was not a prominent donation target. For example, even though 22% of the participants were Mizrahi Jews and only 15% were Ultra-Orthodox Jews – the number of participants that donated some of the money they earned to promote the employment of Ultra-Orthodox Jews was about 5 times larger than those who chose to donate to promoting the employment of Mizrahi Jews.[[23]](#footnote-23) Finally, Mizrahi Jews were rated the least after Arabs on both the warmth and competence dimensions.

Our study has some theoretical and practical implications to the understanding of discrimination in general and employment discrimination in particular, as well as of the variations across different forms of discrimination. It suggests that although in many countries, anti-discrimination laws apply a unified approach to eliminate all forms of discrimination, ethnic, gender and religion based, in reality, because each form of discrimination is generated by different mechanisms, no one policy fit all. Thus, differentiated approach is needed. Likewise, using incentives and training programs to decrease discrimination against certain devalued social groups should be sensitive to the factors that generate discrimination to begin with. Thus for example, in the Israeli context, incentives and training programs designed to encourage employers to employ Ultra-Orthodox Jews, should focus on reducing dislike and not on de-biasing employers, as it seems that Jewish individuals in Israel do not hold negative views of Ultra-Orthodox men’s skills and actually hold positive views of their trustworthiness.

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**Tables and Figures**

|  |
| --- |
| Table IParticipants' Personal and Demographic Characteristics |
|  | Rate / Mean | Std. Dev. |
| *Gender* | Women | 52% | 0.5 |
| *Ethnicity* | Mizrahi Jews[[24]](#footnote-24) | 22% | 0.41 |
| Ashkenazi Jews[[25]](#footnote-25) | 33% | 0.47 |
| *Religiosity* | Secular | 30% | 0.46 |
| Traditional | 26% | 0.44 |
| Religious | 29% | 0.46 |
| Ultra-Orthodox | 15% | 0.36 |
| Age | 39.45 | 14.35 |
| Academics[[26]](#footnote-26) | 31% | 0.46 |
|  |  | N=1,078 |  |



Figure I

Transfers to Partners in the Dictator Game



Figure II

Transfers to Partners in the Dictator Game (By Gender)



Figure III

Transfers to Partners in the Trust Game



Figure IV

Transfers to Partners in the Trust Game (By Gender)



Figure V

Questions Given to Partners in the Competence Game



Figure VI

Destinations Of Donations Made By Donating Participants



Figure VII

Evaluation of Partners in the Dictator Game (Bars)



Figure VIII

Evaluation of Partners in the Dictator Game (Scatter)

1. We thank Ariel Porat and Tali Regev for helpful comments and suggestions, and Dana Bublil Bonnie Cherry and Donna Zamir for a valuable research assistance. The project was funded with the generous support of the Israeli Science Foundation and the Israel Democracy Institute. [↑](#footnote-ref-1)
2. In using the term "cultural beliefs," we refer to learned, sometimes unconscious, shared beliefs about the respect, social esteem, and honor associated with types or categories of people compared to other types or categories of people. In the U.S., for example, beliefs about social esteem are also associated with beliefs about differences in ability and competence in the tasks that are valued by society. See Ridgeway (2006); Berger, Cohen & Zelditch (1972). [↑](#footnote-ref-2)
3. While the categories are universal, clearly as will be detailed in the following paragraphs, there are some context to these types of discrimination. For example, discrimination against Arabs could not be separated from the Arab-Israeli conflict and discrimination against Ultra-Orthodox could not be separated from their ideological decision not to participate in the mandatory military service in Israel and in the labor force. [↑](#footnote-ref-3)
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13. The Israel Democracy Institute, 2014, Policy Research 111, A Master Plan for the Employment of Ultra-Orthodox Jews (Hebrew). [↑](#footnote-ref-13)
14. It should be pointed out that in retrospect it became evident that the participants did not understand the payoff structure of the third game, as will be discussed *infra*, so we repeated the experiment for the third game with more concrete instructions, using similar sample with similar characteristics. [↑](#footnote-ref-14)
15. Participants were informed of the purpose of the study after the experiment ended. [↑](#footnote-ref-15)
16. The names and cities of residence were stereotypically: Aharon Baruch Fisher from Bnei-Brak (Ultra-Orthodox Jewish man); Shay Biton from Jerusalem (Mizrahi Jewish man); Dana Genosar from Jerusalem (Ashkenazi Jewish woman); Ahmad Hatib from Tira (Arab man); and Itai Lowenstein from Jerusalem (Ashkenazi Jewish man). [↑](#footnote-ref-16)
17. 10 NIS ≈ 2.60 USD at the time of the experiment. [↑](#footnote-ref-17)
18. Bearing in mind that there are no Arab participants, hence this result reflects the low level of trust given to members of the Arab group by Israeli Jews, i.e. excluding Israeli Arabs. [↑](#footnote-ref-18)
19. For the purpose of this paper nonetheless, we do not and cannot disentangle the different motives that generate normative discrimination. [↑](#footnote-ref-19)
20. It should be stressed that this result is not sensitive to possible differences in the amounts men and women won from the experiment; nor to the possibility that the donation targets are more appealing to women – there being a distinct cause that promotes women, but no distinct cause that promotes men. [↑](#footnote-ref-20)
21. However, we find no significant difference in the likelihood to donate to a women's cause across participants that gave different *amounts* of money in the dictator game, i.e. there is no evidence that giving more to women in the dictator game strengthens the moral license to refrain from donating to a women's cause. [↑](#footnote-ref-21)
22. Although it may be attributed to the fact that there were no Arab participants in the sample. [↑](#footnote-ref-22)
23. Although this could be ascribed to the fact that unemployment rates are notoriously high in the Ultra-Orthodox sector, and not so among Mizrahi Jews. [↑](#footnote-ref-23)
24. Both parents are Jewish immigrants or descendants of Jewish immigrants from Arab countries. [↑](#footnote-ref-24)
25. Both parents are Jewish immigrants or descendants of Jewish immigrants from European countries. [↑](#footnote-ref-25)
26. Finished at least one academic degree. [↑](#footnote-ref-26)