

# Capitalism and the Jews

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## I. Paradox Exposed

### Postwar Collectivism in the West

Immediately after the Second World War, the prospects for freedom looked bleak. The war had produced an unprecedented centralization of economic controls in every belligerent country. The “socialists of all parties,” to whom F. A. Hayek dedicated his brilliant polemic *The Road to Serfdom*, seemed well on their way to establishing central planning as the standard for peace as for war, pointing triumphantly to the full employment that had been produced by inflationary war finance as decisive evidence for the superiority of central planning over capitalist chaos. And, if that occurred, there seemed little hope of halting the slide toward full-fledged collectivism.

Fortunately, those fears have not been realized over the intervening years. On the contrary, government inefficiency together with the clear conflict between central planning and individual freedom served to check the trend towards collectivism. In Britain, in France, in the U.S., war-time controls were dismantled and market mechanisms were given greater play. In West Germany, the courageous action of Ludwig Erhard in ending controls in the summer of 1948 triggered the so-called German economic miracle. Even behind the Iron Curtain, Yugoslavia broke with its Soviet masters, rejected detailed control of the economy, and treated us to the surprising vision of creeping capitalism in an avowedly communist society.

Unfortunately, these checks to collectivism did not check the growth of government. Rather, they diverted that growth from central direction of the economy to central control of the distribution of the product, to the wholesale transfer of income from some members of the community to others.

### The Collectivist Trend in Ideas

Much more important and much more relevant to our society, the favorable trends in the world of affairs were not paralleled in the world of ideas. For a time, there was an intellectual reaction against governmental intervention. Some of us optimistically envisioned a resurgence of liberal values, the emergence of a new trend of opinion favorable to a free society. But any such resurgence was spotty and short-lived. Intellectual opinion in the West has again started moving in a collectivist direction. Many of the slogans are individualist—participatory democracy, down with the establishment, “do your own thing,” “power to the people.” But the slogans are accompanied by attacks

on private property and free enterprise—the only institutions capable of achieving the individualistic objectives. They are accompanied by a demand for centralized political power—but with “good” people instead of “bad” people exercising the power.

West Germany is perhaps the most striking example of the paradoxical developments in the world of affairs and the world of ideas. Who could ask for a better comparison of two sets of institutions than East and West Germany have provided in the past two decades? Here are people of the same blood, the same civilization, the same level of technical skill and knowledge, torn asunder by the accidents of warfare. The one adopts central direction; the other adopts a social market economy. Which has to build a wall to keep its citizens from leaving? On which side of the wall is there tyranny and misery; on which side, freedom and affluence? Yet despite this dramatic demonstration, despite the Nazi experience—which alone might be expected to immunize a society for a century against collectivism—the intellectual climate in Germany, I am told, is overwhelmingly collectivist—in the schools, the universities, the mass media alike.

This paradox is a major challenge to those of us who believe in freedom. Why have we been so unsuccessful in persuading intellectuals everywhere of our views? Our opponents would give the obvious answer: because we are wrong and they are right. Until we can answer them and ourselves in some other way, we cannot reject their answer, we cannot be sure we are right. And until we find a satisfactory answer, we are not likely to succeed in changing the climate of opinion.

### **The Jews as an Example of the Paradox**

The Jews owe an enormous debt to free enterprise and competitive capitalism.

My aim here is not to give a ready answer—for I have none. My aim is rather to examine a particular case of paradox—the attitude of Jews toward capitalism. Two propositions can be readily demonstrated: first, the Jews owe an enormous debt to free enterprise and competitive capitalism; second, for at least the past century the Jews have been consistently opposed to capitalism and have done much on an ideological level to undermine it. How can these propositions be reconciled?

I was led to examine this paradox partly for obvious personal reasons. Some of us are accustomed to being members of an intellectual minority, to being accused by fellow intellectuals of being reactionaries or apologists or just plain nuts. But those of us who are also Jewish are even more embattled, being regarded not only as intellectual deviants but also as traitors to a supposed cultural and national tradition.

This personal interest was reinforced by the hope that study of this special case might offer a clue to the general paradox—typified by West Germany where Jews play a minor role. Unfortunately, that hope has not been fulfilled. I believe that I can explain to a very large extent the anti-capitalist tendency among Jews, but the most important elements of the explanation are peculiar to the special case and cannot readily be generalized. I trust that others will be more successful.

## **II. The Benefit Jews Have Derived from Capitalism**

## An Anecdote and Some History

Let me start by briefly documenting the first proposition: that the Jews owe an enormous debt to capitalism. The feature of capitalism that has benefited the Jews has, of course, been competition.<sup>[1]</sup> Wherever there is a monopoly, whether it be private or governmental, there is room for the application of arbitrary criteria in the selection of the beneficiaries of the monopoly—whether these criteria be color of skin, religion, national origin or what not. Where there is free competition, only performance counts. The market is color blind.

No one who goes to the market to buy bread knows or cares whether the wheat was grown by a Jew, Catholic, Protestant, Muslim, or atheist; by whites or blacks. Any miller who wishes to express his personal prejudices by buying only from preferred groups is at a competitive disadvantage, since he is keeping himself from buying from the cheapest source. He can express his prejudice, but he will have to do so at his own expense, accepting a lower monetary income than he could otherwise earn.

A recent personal experience illuminates sharply the importance of competition. Some years ago, I attended an International Monetary Conference held in Montreal. The persons there consisted, on the one hand, of members of the Conference, who include the two top executives of the major commercial banks throughout the world; on the other, of persons like myself invited as speakers or participants in panel discussions. A conversation with an American banker present who recounted a tale of anti-Semitism in American banking led me to estimate roughly the fraction of the two groups who were Jewish. Of the first group—the bankers proper—I estimated that about 1 per cent were Jewish. Of the much smaller second group, the invited participants in the program, roughly 25 per cent were Jewish.

Why the difference? Because banking today is everywhere monopolistic in the sense that there is no free entry. Government permission or a franchise is required. On the other hand, intellectual activity of the kind that would recommend persons for the program is a highly competitive industry with almost completely free entry.

This example is particularly striking because banking is hardly a field, like, say, iron and steel, in which Jews have never played an important role. On the contrary, for centuries Jews were a major if not dominant element in banking and particularly in international banking. But when that was true, banking was an industry with rather free entry. Jews prospered in it for that reason and also because they had a comparative advantage arising from the Church's views on usury, the dispersion of Jews throughout the world, and their usefulness to ruling monarchs precisely because of the isolation of the Jews from the rest of the community.<sup>[2]</sup>

This anecdote illuminates much history. Throughout the nearly two thousand years of the Diaspora, Jews were repeatedly discriminated against, restricted in the activities they could undertake, on occasion expelled *en masse*, as in 1492 from Spain, and often the object of the extreme hostility of the peoples among whom they lived. They were able nonetheless to exist because of the absence of a totalitarian state, so that there were always some market elements, some activities open to them to enter.

In particular, the fragmented political structure and the numerous separate sovereignties meant that international trade and finance in particular escaped close control, which is why Jews were so prominent in this area. It is no accident that Nazi Germany and Soviet Russia, the two most totalitarian societies in the past two thousand years (modern China perhaps excepted), also offer the most extreme examples of official and effective anti-Semitism.

If we come to more recent time, Jews have flourished most in those countries in which competitive capitalism had the greatest scope: Holland in the sixteenth and seventeenth centuries, and Britain and the U.S. in the nineteenth and twentieth centuries, Germany in the late nineteenth and early twentieth century—a case that is particularly pertinent when that period is compared with the Hitler period.<sup>[3]</sup>

### **Freedom of Entry and Jewish Representation**

Moreover, within those countries, Jews have flourished most in the sectors that have the freest entry and are in that sense most competitive. Compare the experience of the Jews in banking, that I have referred to, with their experience in retail trade, which has been almost a prototype of the textbook image of perfect competition and free entry. Or compare their minor role in large industry with their prominence in the professions such as law, medicine, accountancy and the like.<sup>[4]</sup>

Though there are barriers to entry in the professions, too, once past the initial barriers, there is a large measure of free competition for custom. Even the differences within the professions illustrate my theme. In the U.S., for which I know the details, there was for a long time a major difference between medicine and law in the extent to which state licensure was an effective bar to entry. For reasons that are not relevant here, there was significant restriction of entry in medicine, relatively little in law. And Jews were proportionately much more numerous in law than in medicine.

The movie industry in the U.S. was a new industry and for that reason open to all. Jews became a major factor and this carried over to radio and television when they came on the scene. But now that government control and regulation has become more and more important, I am under the impression that the Jewish role in radio and T.V. is declining.

### **Capitalism and Israel**

A rather different example of the benefits Jews have derived from competitive capitalism is provided by Israel, and this in a dual sense.

Jews have seldom benefited from governmental intervention on their behalf.

First, Israel would hardly have been viable without the massive contributions that it received from world Jewry, primarily from the U.S., secondarily from Britain and other Western capitalist countries. Suppose these countries had been socialist. The hypothetical socialist countries might conceivably have contributed, but if so they would have done so for very different reasons and with very different conditions attached. Compare Soviet aid to Egypt or official U.S. aid to Israel with private contributions. In a

capitalist system, any group, however small a minority, can use its own resources as it wishes, without seeking or getting the permission of the majority.

Second, within Israel, despite all the talk of central control, the reality is that rapid development has been primarily the product of private initiative. After my first extended visit to Israel two decades ago, I concluded that two traditions were at work in Israel: an ancient one, going back nearly two thousand years, of finding ways around governmental restrictions; a modern one, going back a century, of belief in “democratic socialism” and “central planning.” Fortunately for Israel, the first tradition has proved far more potent than the second.

To summarize: Except for the sporadic protection of individual monarchs to whom they were useful, Jews have seldom benefited from governmental intervention on their behalf. They have flourished when and only when there has been a widespread acceptance by the public at large of the general doctrine of non-intervention, so that a large measure of competitive capitalism and of tolerance for all groups has prevailed. They have flourished then despite continued widespread anti-Semitic prejudice because the general belief in non-intervention was more powerful than the specific urge to discriminate against the Jews.

### **III. The Anti-capitalist Mentality of the Jews**

Despite this record, for the past century, the Jews have been a stronghold of anti-capitalist sentiment. From Karl Marx through Leon Trotsky to Herbert Marcuse, a sizable fraction of the revolutionary anti-capitalist literature has been authored by Jews.

Communist parties in all countries, including the party that achieved revolution in Russia but also present-day Communist parties in Western countries, and especially in the U.S.,<sup>[5]</sup> have been run and manned to a disproportionate extent by Jews—though I hasten to add that only a tiny fraction of Jews have ever been members of the Communist party. Jews have been equally active in the less- revolutionary socialist movements in all countries, as intellectuals generating socialist literature, as active participants in leadership, and as members.

Coming still closer to the center, in Britain the Jewish vote and participation is predominantly in the Labor party, in the U.S., in the left wing of the Democratic party. The party programs of the so-called right-wing parties in Israel would be regarded as “liberal,” in the modern sense, almost everywhere else. These phenomena are so well known that they require little elaboration or documentation.<sup>[6]</sup>

### **IV. Why the Anti-capitalist Mentality?**

How can we reconcile my two propositions? Why is it that despite the historical record of the benefits of competitive capitalism to the Jews, despite the intellectual explanation of this phenomenon that is implicit or explicit in all liberal literature from at least Adam Smith on, the Jews have been disproportionately anti-capitalist?

We may start by considering some simple yet inadequate answers. Lawrence Fuchs, in a highly superficial analysis of *The Political Behavior of American Jews*, argues that the anticapitalism of the Jews is a direct reflection of values derived from the Jewish religion and culture. He goes so far as to say, “if the communist movement is in a sense a Christian heresy, it is also Jewish orthodoxy—not the totalitarian or revolutionary aspects of world communism, but the quest for social justice through social action.”<sup>[7]</sup>

Needless to say—a point I shall return to later in a different connection—Fuchs himself is a liberal in the American sense. He regards the political liberalism of the Jews in this sense as a virtue, and hence is quick to regard such liberalism as a legitimate offspring of the Jewish values of learning, charity, and concern with the pleasures of this world. He never even recognizes, let alone discusses, the key question whether the ethical end of “social justice through social action” is consistent with the political means of centralized government.

### **Werner Sombart**

This explanation can be dismissed out-of-hand. Jewish religion and culture date back over two millennia; the Jewish opposition to capitalism and attachment to socialism, at the most, less than two centuries. Only after the Enlightenment, and then primarily among the Jews who were breaking away from the Jewish religion, did this political stance emerge. Werner Sombart, in his important and controversial book, *The Jews and Modern Capitalism*, first published in 1911, makes a far stronger case that Jewish religion and culture implied a capitalist outlook than Fuchs does that it implied a socialist outlook.

Wrote Sombart, “throughout the centuries, the Jews championed the cause of individual liberty in economic activity against the dominating view of the time. The individual was not to be hampered by regulations of any sort. I think that the Jewish religion has the same leading ideas as capitalism . . . . The whole religious system is in reality nothing but a contract between Jehovah and his chosen people . . . . God promises something and gives something, and the righteous must give Him something in return. Indeed, there was no community of interest between God and man which could not be expressed in these terms—that man performs some duty enjoined by the Torah and receives from God a *quid pro quo*.”<sup>[8]</sup>

Sombart goes on to discuss the attitude toward riches and poverty in the Old and the New Testament. “You will find,” he writes, “a few passages [in the Old Testament and the Talmud] wherein poverty is lauded as something nobler and higher than riches. But on the other hand you will come across hundreds of passages in which riches are called the blessing of the Lord, and only their misuse or their dangers warned against.”

By contrast, Sombart refers to the famous passage in the New Testament that “it is easier for a Camel to go through a needle’s eye than for a rich man to enter into the Kingdom of God” and remarks, “as often as riches are lauded in the Old Testament, they are damned in the New.... The religion of the Christians stands in the way of their economic

activities.... The Jews were never faced with this hindrance.” He concludes, “Free trade and industrial freedom were in accordance with Jewish law, and therefore in accordance with God’s will.”<sup>[9]</sup>

Sombart’s book, I may say, has in general had a highly unfavorable reception among both economic historians in general and Jewish intellectuals in particular, and indeed, something of an aura of anti-Semitism has come to be attributed to it. Much of the criticism seems valid but there is nothing in the book itself to justify any charge of anti-Semitism though there certainly is in Sombart’s behavior and writings several decades later, indeed, if anything I interpret the book as philo-Semitic. I regard the violence of the reaction of Jewish intellectuals to the book as itself a manifestation of the Jewish anti-capitalist mentality. I shall return to this point later.

A more balanced judgment than either Fuchs’ or Sombart’s with which I am in full accord is rendered by Nathan Glazer, who writes, “It is hard to see direct links with Jewish tradition in these attitudes;... One thing is sure: it is an enormous oversimplification to say Jews in Eastern Europe became socialists and anarchists because the Hebrew prophets had denounced injustice twenty-five hundred years ago.... The Jewish religious tradition probably does dispose Jews, in some subtle way, toward liberalism and radicalism, but it is not easy to see in present-day Jewish social attitudes the heritage of the Jewish religion.”<sup>[10]</sup>

### **Jews, Intellectualism, and Anti-Capitalism**

A second simple explanation is that the Jewish anti-capitalist mentality simply reflects the general tendency for intellectuals to be anti-capitalist plus the disproportionate representation of Jews among intellectuals. For example, Nathan Glazer writes, “The general explanations for this phenomenon [the attachment of the major part of the intelligentsia to the Left] are well known. Freed from the restraints of conservative and traditional thinking, the intelligentsia finds it easier to accept revolutionary thinking, which attacks the established order of things in politics, religion, culture, and society.... Whatever it is that affected intellectuals, also affected Jews.”<sup>[11]</sup>

Glazer goes on, however, to qualify greatly this interpretation by citing some factors that affected Jews differently from other intellectuals. This explanation undoubtedly has more validity than Fuchs’ simple-minded identification of anti-capitalism with Jewish religion and culture. As the West German example quoted earlier suggests, non-Jewish intellectuals are capable of becoming dominantly collectivist. And there is no doubt that the intellectual forces Glazer refers to affected Jewish intellectuals along with non-Jewish.

However, the explanation seems highly incomplete in two respects. First, my impression is that a far larger percentage of Jewish intellectuals than of non-Jewish have been collectivist. Second, and more important, this explanation does not account for the different attitudes of the great mass of Jews and non-Jews who are not intellectual. To explain this difference we must dig deeper.

Competitive capitalism has permitted Jews to flourish economically and culturally because it has prevented anti-Semites from imposing their values on others, and from discriminating against Jews at other people's expense.

A third simple explanation that doubtless has some validity is the natural tendency for all of us to take the good things that happen to us for granted but to attribute any bad things to evil men or an evil system. Competitive capitalism has permitted Jews to flourish economically and culturally because it has prevented anti-Semites from imposing their values on others, and from discriminating against Jews at other people's expense.

But the other side of that coin is that it protects anti-Semites from having other people's values imposed on them. It protects them in the expression of their anti-Semitism in their personal behavior so long as they do it at their own expense. Competitive capitalism has therefore not eliminated social anti-Semitism. The free competition of ideas that is the natural companion of competitive capitalism might in time lead to a change in tastes and values that would eliminate social anti-Semitism but there is no assurance that it will. As the New Testament put it, "In my Father's house are many mansions."

No doubt, Jews have reacted in part by attributing the residual discrimination to "the System." But that hardly explains why the part of the "system" to which the discrimination has been attributed is "capitalism." Why not, in nineteenth-century Britain, to the established church and the aristocracy; in nineteenth- and twentieth-century Germany, to the bureaucracy; and in twentieth-century U.S., to the social rather than economic establishment. After all, Jewish history surely offers more than ample evidence that anti-Semitism has no special connection with a market economy. So this explanation, too, is unsatisfactory.

I come now to two explanations that seem to me much more fundamental.

### **Judaism and Secularism**

The first explanation, which has to do with the particular circumstances in Europe in the nineteenth century, I owe to the extremely perceptive analysis of Werner Cohn in his unpublished Ph.D. dissertation on the "Sources of American Jewish Liberalism." Cohn points out that:

Beginning with the era of the French revolution, the European political spectrum became divided into a "Left" and a "Right" along an axis that involved the issue of secularism. The Right (conservative, Monarchical, "clerical") maintained that there must be a place for the church in the public order; the Left (Democratic, Liberal, Radical) held that there can be no (public) Church at all . . . .



The axis separating left from right also formed a natural boundary for the pale of Jewish political participation. It was the Left, with its new secular concept of citizenship, that had accomplished the Emancipation, and it was only the Left that could see a place for the Jews in public life. No Conservative party in Europe—from the bitterly hostile Monarchists in Russia through the strongly Christian “noines” in France to the amiable Tories in England—could reconcile itself to full Jewish political equality. Jews supported the Left, then, not only because they had become unshakeable partisans of the Emancipation, but also because they had no choice; as far as the internal life of the Right was concerned, the Emancipation had never taken place, and the Christian religion remained a prerequisite for political participation.

Note in this connection that the only major leaders of Conservative parties of Jewish origin—Benjamin Disraeli in England, Friedrich Julius Stahl in Germany—were both professing Christians (Disraeli’s father was converted, Stahl was baptized at age 19).

Cohn goes on to distinguish between two strands of Leftism: “rational” or “intellectual” and “radical.” He remarks that “Radical leftism... was the only political movement since the days of the Roman empire in which Jews could become the intellectual brethren of non-Jews... while intellectual Leftism was Christian at least in the sense of recognizing the distinction between ‘religious’ and ‘secular,’ radical Leftism—eschatological socialism in particular—began to constitute itself as a new religious faith in which no separation between the sacred and the profane was tolerated . . . [Intellectual-Leftism] offered [the Jews] a wholly rational and superficial admission to the larger society, [radical Leftism], a measure of real spiritual community.”

I share Glazer’s comment on these passages: “I do not think anyone has come closer to the heart of the matter than has the author of these paragraphs.”

Cohn’s argument goes far to explain the important role that Jewish intellectuals played in the Marxist and socialist movement, the almost universal acceptance of “democratic socialism” by the European Jews in the Zionist movement, particularly those who emigrated to Palestine, and the socialist sentiment among the German Jewish immigrants to the United States of the mid-nineteenth century and the much larger flood of East European Jews at the turn of the century.

Yet by itself it is hard to accept Cohn’s point as the whole explanation for the anti-capitalist mentality of the Jews. In the United States, from the very beginning, the separation of church and state was accepted constitutional doctrine. True, the initial upper class was Christian and Protestant, but that was true of the population as a whole. Indeed, the elite Puritan element was, if anything, pro-Semitic.

As Sombart points out in reconciling his thesis about the role of Jews in capitalist development with Max Weber’s about the role of the Protestant Ethic in capitalist development, the Protestants, and the Puritans especially, went back to the Old Testament for their religious inspiration and patterned themselves on the ancient

Hebrews. Sombart asserts: "Puritanism is Judaism."<sup>[12]</sup> Cohn too emphasizes this phenomenon, pointing to Puritan tolerance toward Jews in the colonial era, despite their general intolerance toward other religious sects.<sup>[13]</sup>

To come down to more recent times in the United States, Theodore Roosevelt was highly popular among the Jews partly because of his willingness to object publicly to Russian pogroms. Outside of the closely knit socialist community in New York most Jews probably were Republicans rather than Democrats until the 1920s, when first Al Smith and then Franklin Delano Roosevelt produced a massive shift to the Democrats from both the Right and the Left. The shift from the Left betokened a weakening of the European influence, rather than being a manifestation of it. Yet despite that weakening influence, the American Jewish community, which now consists largely of second and third and later generation Americans, retains its dominant leftish cast.

The final explanation that suggests itself is complementary to Cohn's yet not at all identical with it. To justify itself by more than the reference to the alleged role of the Jews in Christ's crucifixion, anti-Semitism produced a stereotype of a Jew as primarily interested in money, as a merchant or moneylender who put commercial interests ahead of human values, who was money-grasping, cunning, selfish and greedy, who would "jew" you down and insist on his pound of flesh.

Jews could have reacted to this stereotype in two ways: first, by accepting the description but rejecting the values that regarded these traits as blameworthy; secondly, by accepting the values but rejecting the description. Had they adopted the first way, they could have stressed the benefits rendered by the merchant and by the moneylender—recalling perhaps Bentham's comment that "the business of a money-lender... has no where nor at any time been a popular one. Those who have the resolution to sacrifice the present to the future, are natural objects of envy to those who have sacrificed the future to the present. The children who have eat their cake are the natural enemies of the children who have theirs. While the money is hoped for, and for a short time after it has been received, he who lends it is a friend and benefactor: by the time the money is spent, and the evil hour of reckoning is come, the benefactor is found to have changed his nature, and to have put on the tyrant and the oppressor. It is oppression for a man to reclaim his own money; it is none to keep it from him."<sup>[14]</sup>

Similarly, Jews could have noted that one man's selfishness is another man's self reliance; one man's cunning, another's wisdom; one man's greed, another's prudence.

But this reaction was hardly to be expected. None of us can escape the intellectual air we breathe, can fail to be influenced by the values of the community in which we live. As Jews left their closed ghettos and shtetls and came into contact with the rest of the world, they inevitably came to accept and share the values of that world, the values that looked down on the "merely" commercial, that regarded money-lenders with contempt. They were led to say to themselves: if Jews are like that, the anti-Semites are right.

The other possible reaction is to deny that Jews are like the stereotype, to set out to persuade oneself, and incidentally the anti-Semites, that far from being money-grabbing, selfish and heartless, Jews are really public spirited, generous, and concerned with ideals rather than material goods. How better to do so than to attack the market with its reliance on monetary values and impersonal transactions and to glorify the political process, to take as an ideal a state run by well-meaning people for the benefit of their fellow men?

### **Israel as a Diasporal Reaction**

I was first led to this explanation of the anti-capitalist mentality of the Jews by my experience in Israel. After several months there, I came to the conclusion that the quickest way to reach a generalization in any area about values in Israel was to ask what was true of the Jews in the Diaspora and reverse it.

Jews in the Diaspora were urban dwellers engaged in commercial pursuits and almost never in agriculture; in Israel, agriculture has much higher prestige than commerce.

Jews in the Diaspora shunned every aspect of military service; Israelis value the military highly and have demonstrated extraordinary competence.

These two reversals are readily explained as the children of necessity, but let me continue.

Yiddish or Ladino was the language of the Jews in the Diaspora; both are looked down on in Israel, where Hebrew is the language.

Jews in the Diaspora stressed intellectual pursuits and rather looked down on athletics. There is tremendous emphasis on athletics in Israel.

And for what may seem like an irrelevant clincher: Jews in the Diaspora were reputed to be excellent cooks; cooking in Israel is generally terrible, in homes, hotels, and restaurants.

Can this record not be interpreted as an attempt, no doubt wholly subconscious, to demonstrate to the world that the commonly accepted stereotype of the Jews is false?

I interpret in the same way the evidence assembled by James Wilson and Edward Banfield that Jews (and “Yankees”) tend to adopt a “community-serving conception” of the public interest, and to vote against their own immediate self-interest, in larger proportions than most other groups.<sup>[15]</sup>

I interpret also in this way the attempt by Fuchs to trace Jewish “liberalism” to Jewish values and the negative reaction of Jewish critics to Sombart’s book. If, like me, you regard competitive capitalism as the economic system that is most favorable to individual freedom, to creative accomplishments in technology and the arts, and to the widest possible opportunities for the ordinary man, then you will regard Sombart’s assignment to the Jews of a key role in the development of capitalism as high praise.

You will, as I do, regard his book as philo-Semitic. On the other hand, if you are trying your level best to demonstrate that Jews are dedicated to selfless public service in a socialist state, that commerce and money-lending were activities forced on them by their unfortunate circumstances and were wholly foreign to their natural bent, then you will regard Sombart as an anti-Semite simply reinforcing the stereotype against which you are battling. In this vein, the *Universal Jewish Encyclopaedia* says in its article on Sombart: “He *accused* the Jews of having created capitalism” (my italics).

The complementary character of the final two explanations is, I trust, clear. Whence comes the value structure that puts service to the general public above concern for oneself and one’s close family; government employment above private business; political activity above commercial activity; love of mankind in general above concern for men in particular; social responsibility above individual responsibility? Very largely from the collectivist trend of thought to which Jews contributed so much for the reasons advanced by Cohn.

Consider, for a moment, the reaction to the anti-Semitic stereotype by a nineteenth-century English Philosophical radical steeped in Benthamite utilitarianism—by a David Ricardo, James Mill, even Thomas Malthus. Could one of them ever have termed the allegation that Jews created capitalism an accusation? They would have termed it high praise. They would have regarded widespread emphasis on rational profit calculation as just what was needed to promote “the greatest good of the greatest number,” emphasis on the individual rather than the society as a corollary of belief in freedom, and so on.

I conclude then that the chief explanations for the anti-capitalist mentality of the Jews are the special circumstances of nineteenth-century Europe which linked pro-market parties with established religions and so drove Jews to the Left, and the subconscious attempts by Jews to demonstrate to themselves and the world the fallacy of the anti-Semitic stereotype.

No doubt these two main forces were reinforced, and the view of the Jews altered in detail, by their historical and cultural heritage, which made them specially sensitive to injustice and specially committed to charity. They were reinforced also by whatever the forces are that predispose intellectuals towards the Left.

Whether or not this explanation is a satisfactory resolution of the paradox which was my starting point, it remains true that the ideology of the Jews has been and still is opposed to their self-interest. Except behind the iron Curtain, this conflict has been mostly potential rather than real. In the West, so long as a large measure of laissez-faire capitalism prevailed, the economic drive of the Jews to improve their lot, to move upward in the economic and social scale, was in no way hindered by the preaching of socialism as an ideal. They could enjoy the luxury of reacting against the anti-Semitic stereotype, yet benefit from the characteristics that that stereotype caricatured. On a much more subtle and sophisticated level, they were in the position of the rich parlor socialists—of all ethnic and religious backgrounds—who bask in self-righteous virtue by condemning capitalism while enjoying the luxuries paid for by their capitalist inheritance.

As the scope of government has grown, as the collectivist ideas have achieved acceptance and affected the structure of society, the conflict has become very real. I have already stressed the conflict in Israel that has led to giving a far greater role to market forces than the ideology of the early leaders envisioned. I have been struck in the United States with the emergence of the conflict in reaction to some of the proposals by Senator George McGovern. His early proposal, later rescinded, to set a top limit on inheritances produced an immediate reaction from some of those who might have been expected to be and were his strongest supporters. It came home to them that his measures—completely consistent with their professed ideology—would greatly hamper the upward social and economic mobility of which they had been the beneficiaries.

Perhaps the reality of the conflict will end or at least weaken the paradox that has been the subject of my talk. If so, it will be a minor silver lining in the dark cloud of encroaching collectivism.

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1. The only other writer I have come across who explicitly stresses the benefits Jews have derived from capitalism is Ellis Rivkin, *The Shaping of Jewish History* (New York: Scribner's, 1971). Unfortunately, Rivkin's interesting analysis is marred by misconceptions about the nature and operation of capitalism. He takes the accumulation of capital rather than free entry as its distinguishing feature.
  2. See for example Hannah Arendt, *The Origins of Totalitarianism* (New York: Harcourt, Brace & Co., 1951), on "court Jews," also Werner Sombart, *The Jews and Modern Capitalism* (London: T. Fisher Unwin, 1913) [translated from 1911 German original].
  3. Sombart argues that the relation is the reverse: that capitalism flourished where it did because Jews were given a considerable measure of freedom. But he would not have denied that the relation is reciprocal. And his version has been seriously questioned by economic historians. See Introduction by Bert F. Hoselitz to the American edition of Sombart's book, *Jewish Contributions to Civilization*, 1919, chapter viia, pp. 247-267.
  4. See Nathaniel Weyl, *The Creative Elite in America* (Washington, D.C.: Public Affairs Press 1966), particularly the tables in Appendix III giving results for different "elite resters."
  5. For the U.S., see Nathan Glazer, *The Social Basis of American Communism* (New York: Harcourt, Brace and World, Inc., 1961), pp. 85, 130, 132.
  6. For the American record, see Werner Cohn, *Sources of American Jewish Liberation—A Study of the Political Alignments of American Jews*, unpublished Ph.D. thesis, New School for Social Research, June 1956; Lawrence Fuchs, *The Political Behavior of American Jews* (Glencoe, Ill.: Free Press, 1956); Nathan Glazer, *American Judaism* (Chicago: University of Chicago Press, 1957); Nathan Glazer and Daniel Patrick Moynihan, *Beyond the Melting Pot* (Cambridge: MIT Press, 2nd ed. 1970).
  7. *Op. cit.*, p. 197.

8. *Op. cit.*, pp. 153,205, 209.
9. *Ibid.*, pp. 216, 221,222, 248.
10. Nathan Glazer, *American Judaism*, pp, 135, 136, 139.
11. *The Social Basis of American Communism*. pp. 166-167.
12. *Op. cit.*, g. 249.
13. However, according to Abba Eban, "Jews were refused admittance into Massachusetts and Connecticut by the Puritans whose idea of religious liberty was linked to their own brand of faith. However, in liberal Maryland and in Rhode Island, where freedom of conscience was an unshakable principle, they found acceptance." *My People* (New York: Behrman House, Inc., 1968).
14. Jeremy Bentham, *In Defense of Usury* (1787).
15. James Q. Wilson and Edward C. Banfield, "Public-Regard-lessness as a Value Premise in Voting Behavior," *American Political Science Review*, LVIII, 4 (Dec., 1964), pp. 876-887; "Political Ethos Revisited," *American Political Science Review*, LXV, 4 (Dec., 1971), pp. 1048-1062. The similarity between the Jews and the Yankees in some of the characteristics examined by Wilson and Banfield is some evidence, if rather weak evidence, for the influence of religion and culture in view of the connection between Puritanism and Judaism.



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