"There Is Nothing Wrong about Being Money Grubbing!" Milton Friedman's Provocative "Capitalism and the Jews" in Context, 1972–88

Nicolas Vallois and Cléo Chassonnery-Zaïgouche

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At the end of his talk before a Jewish student association, Milton Friedman concluded that antisemitism "was based on the notion that Jews were money-grubbing, grasping, selfish, keepers." He teasingly adds: "But there's nothing wrong with being money-grubbing!" (Friedman 1976: 43). The sentence was received with applause and laughter. The conference was based on an earlier unpublished presidential lecture Friedman gave before the Mont Pèlerin society in 1972, titled "Capitalism and the Jews." Before this lecture, Milton Friedman briefly exposed the arguments of his essay in a letter to the society's secretary, Ralph Harris: "I have long been interested in, and have given a number of unwritten and unpublished lectures on, 'Capitalism and the Jews'—the theme being that a) no people owe so much to capitalism; b) none have done so much to destroy it by writing and political actions."[1]

Friedman was quite uncertain about choosing this theme for his presidential address: the subject of capitalism and the Jews was "capable of being a delicate subject." "The natural topic would be monetary policy

Correspondence may be addressed to Nicolas Vallois: nicolas.vallois@u-picardie.fr; and Cléo Chassonnery-Zaïgouche: cc2006@cam.ac.uk. We would like to thank Jenny Fichmann, Steve Medema, Thomas Delcey, Guillaume Noblet, Beatrice Cherrier, and the participants to the Cournot Seminar (REHPERE, Paris 1 Panthéon-Sorbonne) as well as the two anonymous referees for their crucial help.

1. Friedman to Ralph Harris 29/09/71, Milton Friedman Papers, Box 87, Folder 1, Hoover Institution Library and Archives.

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domestic and international" confessed Friedman to Harris. He therefore asked Harris his "frank reaction."[2] Harris liked the idea very much but stressed that "the chief ground for doubt seemed the possibility of embarrassing Jewish members and friends." Harris consulted fellow society member Arthur Seldon "who personally approved as much as [he] did" but recommends Friedman to have "further sounding."[3] Friedman probably presented an outline of his speech to George Stigler who expressed skepticism about the main thesis while encouraging him to carry on his research.[4]

The subsequent history of the essay seems to have confirmed Friedman's initial doubts. After the conference, "Capitalism and the Jews" circulated as a reprint (Friedman 1972). As Friedman confessed later on, he chose not to publish his text at the time because, "talking with a number of people about it . . . they suggested that they were not persuaded by it" (quoted in Elzinga 1985: 459). Friedman clearly understood that "Capitalism and the Jews" was not a scholarly article. Ten years after the Mont Pèlerin society meeting, the essay was published in three nonacademic venues. First published in a 1984 issue of the neoconservative *Encounter*, the literary and political review of Irving Kristol (Friedman 1984), the text was reprinted as a chapter in a publication of the Fraser Institute on "morality and the market" (Friedman 1985); and, later, in the columns of the libertarian *Freeman* magazine (Friedman 1988).

Friedman made it clear in the very beginning of his 1972 talk that he was led to examine Jewish economic history for "obvious personal reasons." Labeled an "intellectual deviant" and "traitor" to the supposed leftist tradition within Jewish intellectual circles (Friedman 1972: 3), Friedman was on an intellectual crusade to demonstrate that Jews, among other minorities, had always benefited from capitalism and should therefore favor noninterventionist policies.

Such an apologia of capitalism and economic freedom was not a novelty in Jewish intellectual history. In the seventeenth through eighteenth centuries, an intense discussion developed about Jewish participation in commerce and its beneficial or detrimental effect on Christian society. Various Jewish authors defended the idea that Jewish concentration in commerce

2. Friedman to Ralph Harris 29/09/71, Milton Friedman Papers, Box 87, Folder 1, Hoover Institution Library and Archives.

3. Ralph Harris to Friedman 23/11/71, Milton Friedman Papers, Box 87, Folder 1, Hoover Institution Library and Archives.

4. Stigler to Friedman October 12, 1971, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives.

was particularly useful for the state and the economy, arguing therefore in favor of toleration and Jewish political emancipation (Karp 2008; Reuveni 2014). Later on, in the second part of the nineteenth century, economic self-imagery in European Jewish intelligentsia became characterized by a positive association between Jews, trade, and economic freedom. Jewish economic elites were seen as the pillars of modern capitalism and as fulfilling a secular "industrial mission" (Penslar 2001: 144–58).

Yet Friedman produced a radically different stance. While previous accounts had praised Judaism and the Jews for inspiring capitalism and fostering economic development, thereby defending Jewish political emancipation, Friedman had praised capitalism for emancipating the Jews and fostering Jewish economic development. The main argument was not about Jews and Judaism, it was about the free market. Targets and audiences were also different. Jewish intellectuals in the seventeenth through nineteenth centuries were trying to convince Gentiles that Jews were "economically useful" and could be therefore "good citizens." Friedman's lecture was not about changing Gentiles' perception of Jewish economic behavior, but rather influencing Jews' self-perception and political stance toward capitalism, while providing general principles concerning the fate of minorities in capitalism.

In some sense, Friedman's agenda was a success, because Jewish intellectuals—including Friedman himself—are known to have played an important part in the building of neoconservatism in the US (Murray Friedman 2005). This is the reason why we claim that "Capitalism and the Jews" is an important piece to document the rise of neoconservatism, particularly within Jewish intellectual circles. We therefore argue that "Capitalism and the Jews" has to be read within the surrounding political and polemical context of its writing and publication. The 1972 lecture was the occasion for Friedman to build an alliance with noneconomist intellectuals such as Kristol, who were concerned with noneconomic aspects of political conservatism, and in particular with the issue of minorities in a market society. Studying "Capitalism and the Jews" in its historical context therefore contributes to recent scholarship on the history of the complex relationships between conservatism and free-market ideas (Burns 2010; Burgin 2012; Hamburger and Steinmetz-Jenkins 2018). It also provides a case study in the history of economic thought on discrimination and minorities.

We take therefore a different perspective from Jeff Lipkes's recent article on Friedman's "Capitalism and the Jews" published in this journal (Lipkes 2019). Lipkes examines the content of the essay and its historical

rectitude and focuses mostly on one of Friedman's references—Werner Sombart. Lipkes's objective is to reassess Sombart's contribution from the point of view of recent scholarship on Jewish economic history.[5] Our objective is to study Friedman's audiences. While providing elements on criticisms Friedman received, we aim at understanding his political and intellectual motivations when lecturing and writing about capitalism and the Jews and how it relates to his different publics.[6]

Besides the several versions of "Capitalism and the Jews," our main sources are Friedman's papers (essentially the reprint of the conference and audio recording of the lecture as well as correspondence on "Capitalism and the Jews").

1. The Making of the 1972 Presidential Lecture: Friedman's Political Agenda

1.1. "Capitalism and the Jews": A Recurrent Theme in Friedman's Works and a Polemical Lecture

In his article on "Capitalism and the Jews," Lipkes very briefly summarizes Friedman's argument in two short pages and focuses mostly on

5. Our article and Lipkes's deal therefore with two separate topics. We nonetheless disagree with Lipkes on two points. First, we deemphasize the relative importance of Sombart as an intellectual influence for Friedman. Also, we regard Friedman's personal relation to Judaism and the Jews as a decisive issue, especially to understand his audiences, while this question is mostly left aside in Lipkes's article. Last but not least, it should be noted that we regard Lipkes's treatment of his own topic—and his methodology—as highly questionable, especially his endorsement of controversial literature on "Jewish intelligence." Lipkes's references to "recent scholarship" in Jewish economic history mostly consists of two works: Maristella Botticini and Zvi Eckstein (2012); and Gregory Cochran, Jason Hardy, and Henry Harpending (2006). Especially problematic is the last reference, which is highly controversial, to say the least. Cochran, Hardy, and Harpending claimed to have identified a genetic basis for Ashkenazi Jews' superior intelligence. Harpending (who died in 2016) had ties to white supremacist organizations and was known to express racist views: the case has been documented by the Southern Poverty Law Center. This paper was republished as a chapter (Harpending and Cochran 2009). Academic reviews of the book criticized the lack of empirical evidence (Gorelik and Shackelford 2010), going as far as describing it as "pure speculation" (Hagen 2009: 453), while many insisted the book does not meet scientific standards (Hunley 2009; Last 2013; among others). More importantly, the book has also been criticized for employing dubious racial categories (Last 2013: 122; Wills 2009; Wolpoff 2010; Hunley 2009). A similar problem appeared in the *New York Times* in the same year (Stephens 2019), when the journalist Bret Stephens uncritically cited the same article. Lipkes completely overshadows the polemic and contested nature of the literature he relies on. Also problematic in this regard is the uncritical reference to Charles Murray's and Richard Lynn's works. On pseudoscientific racism more generally, see Tucker 2002.

6. On the economists' audiences in the historiography of economics, see Medema 2019. More generally on economists as public intellectuals, see Mata and Medema 2013.

Friedman's reference to Werner Sombart (Lipkes 2019: 197–99), before discussing the historical rectitude of Friedman's propositions. Yet Sombart is one of Friedman's references out of many others that are equally important to understand "Capitalism and the Jews." It is worth noticing first that Friedman started his 1972 presidential lecture not with Sombart's argument, but with a general remark on the "climate of opinion."

In the beginning of his speech, Friedman provides a critical and harsh assessment of the Mont Pèlerin society's achievements since its foundation. He observes that there had been a decrease in political collectivism in the postwar period, but "the favorable trends in the world of affairs were not paralleled in the world of ideas." The intellectual climate remains overwhelmingly collectivist. Hence the idea that the society largely failed its mission, its members being "unsuccessful in persuading intellectuals everywhere of [the society's] views" (Friedman 1972: 2). The alleged attitude of the Jews toward capitalism is introduced by Friedman as a particular case of this general climate. He then develops what he perceives as a paradox: "first, the Jews owe an enormous debt to free enterprise and competitive capitalism; second, the Jews, for at least the past century, have been consistently opposed to capitalism and have done much on an ideological level to undermine it" (2).

In the rest of the essay, Friedman analyzes each one of the two propositions of his paradox separately. According to Friedman, Jews have "benefited" from capitalism and free competition—these two expressions being used as synonyms—because this system is "color-blind": "where there is free competition, only performance counts" (4). He sees Jews as having been most prosperous throughout the history of the Diaspora in the most capitalistic places and times whereas it is "no accident that Nazi Germany and Soviet Russia, the two most totalitarian societies in the past two thousand years . . . also offer the most extreme examples of official and effective antisemitism" (6). In more recent times, Friedman argues Jews' activities flourished in sectors that have the freest entry such as law, accountancy, and the movie industry and that they are underrepresented in state-regulated sectors such as large industry or banking. A last justification comes from Israel, a country Friedman writes, which has developed mainly from private initiative rather than collectivist politics. Of the two traditions he "observes" in Israel—the "ancient one, going back nearly two thousand years, of finding ways around governmental restrictions" and the "modern one, going back a century, of belief in 'democratic socialism' and 'central planning'" (8)—the first has proved to be stronger despite "all the talk of central control" (8).

The second aspect of the paradox—the "anti-capitalist mentality of the Jews"—is justified by a few examples of Jewish anticapitalist thinkers (Karl Marx, Leon Trotsky, Herbert Marcuse) and more generally by Jewish political behavior (the preference of Jews for the Democratic Party in the US, and their overrepresentation in communist and socialist movements).

Friedman then seeks to solve the paradox. He first rejects the explanation proposed by sociologist Lawrence Fuchs that a "leftist mentality" would be the direct consequence of Jewish religion and culture (9–10). Friedman then analyzes Sombart's controversial thesis (Sombart [1911] 1913) that Judaism actually created capitalism (Friedman 1972: 10–12). As Friedman acknowledges himself, Sombart's book has been commonly interpreted as antisemitic in the post-World War II context: it had "a highly unfavorable reception among both economic historians in general and Jewish intellectuals in particular."[7] But Friedman adds "there is nothing in the book itself to justify any charge of antisemitism," and interprets it in the end of the essay "as philosemitic," as "Sombart's assignment to the Jews of a key role in the development of capitalism" is in Friedman's perspective "high praise" (19). Despite its controversial flavor, these quotations and interpretations from Sombart are actually not as important in Friedman's essay as Lipkes's brief summary suggests (Lipkes 1999: 197–99). The paragraphs on Sombart occupy only two pages out of twenty-two in the reprint of Friedman's conference, plus the additional final sentence on Sombart's alleged philosemitism (Friedman 1972: 19). This amounts to less than 10 percent of the total word count in the different versions of the essay. More substantially, in Friedman's general argument, Sombart's thesis is only one possible explanation for Friedman's paradox, and even if it had to be accepted, the paradox persists: if the Jews have created capitalism, why the "anticapitalist mentality"?

After Fuchs and Sombart, Friedman considers two more balanced views, which he concedes, have only a limited validity for explaining the

7. Friedman's understanding of Sombart's book as "philosemitic" was very polemical and controversial in the postwar context, as he recognized himself explicitly. In the first part of the twentieth century, Werner Sombart was one of the most influential and famous social scientists in Germany and elsewhere, and went then "from fame to near oblivion" (Grundmann and Stehr 2001) because of his explicit endorsement of National Socialism in 1933, though he seems to have distanced himself from the Nazi regime later on (Gioia 2014). The problem of Sombart's relationship to Nazis was known among economists. Following Sombart's death in 1941, obituaries in the *American Economic Review* and *Journal of Political Economy* mentioned critically Sombart's ambiguous attitude toward National Socialism (Rogin 1941; Harris 1942). Sombart's thesis about the Jews and modern capitalism was largely abandoned in academia (see for instance Rivkin 1952; Kisch 1951).

paradox. Equally important as Sombart's arguments is Nathan Glazer's claim in *The Social Basis of American Communism* that the Jews' overrepresentation among intellectuals explain also their overrepresentation among anticapitalists, since intellectuals would be relatively more inclined to anticapitalist tendencies (Glazer 1961). Thought to be more credible than Fuchs's thesis, Friedman's "impression" is that Jewish intellectuals are significantly *more* anticapitalist than other intellectuals (Friedman 1972: 13). He found another explanation in Werner Cohn's unpublished PhD dissertation (Cohn 1956). According to Cohn, secularization and emancipation of the Jews has been a major component in the program of leftist parties since the early political revolutions in Europe; these parties being framed as a "natural choice" for Jews, contrary to right-wing parties. Yet, Friedman argues that the explanation does not work in the US, where "the elite Puritan element was . . . pro-Semitic" (Friedman 1972: 15–16).

Friedman's main explanation of the paradox comes from the "Jewish reaction to the Jewish stereotype." Jews have always suffered from the antisemitic stereotype of themselves as "money-grasping, cunning, selfish and greedy" (17). Hence, criticizing the free market and lauding the state became a way to convince themselves and antisemites of their generosity and altruism. Friedman concludes the "anti-capitalist ideology of the Jews" has always been opposed to their self-interest. Yet, in the West where the conflict is more potential than real, they could preach socialism as an ideal "while enjoying the luxuries paid for by their capitalist inheritance" (21).

When looking closely at "Capitalism and the Jews," it appears that the presidential lecture was the result of Friedman's long-term curiosity about Jewish economic history. Here we disagree with Lipkes who argues that "there is little evidence of any interest [of Friedman] in Jews and Judaism prior to 1972" (Lipkes 2019: 195). Lipkes's article begins with the claim that "a trip to Israel in April 1972 to deliver the Horowitz Lecture inspired Milton Friedman" to reconsider the "paradox" of "Capitalism and the Jews" (Lipkes 2019: 193). This claim is refuted by several pieces of evidence. During the Mont Pèlerin lecture, Friedman's actual statement was: "I was first led to this explanation of the anti-capitalist mentality of the Jews by my experience in Israel," "after several months there" (Friedman 1972: 18). Yet it is almost certain that he was not referring here to his experience in Israel in 1972, but rather to an earlier trip in 1962. As stated in his autobiography written with his wife Rose, Friedman had visited Israel three times prior to the 1972 Mont Pèlerin Society meeting: in 1962, 1969, and 1972. His first visit in 1962 was the longest and was the only one

to last several months (Friedman and Friedman 1998: 460–63).[8] This is further confirmed by the Horowitz lecture that Friedman gave in Israel in 1972, where he acknowledged: "when I was here ten years ago, I summarized my conclusions about the Israeli economy by saying that two Jewish traditions were at war in Israel" (Friedman 1973b: 56).[9] Additional evidence of Friedman's interest in the subject before 1972 comes from a 1969 article in the Israeli newspaper *Maariv*. During Friedman's second visit to Israel, an Israeli journalist reported that "Professor Friedman wishes to prepare an in-depth study regarding [the question of] why the vast majority of Jews are . . . in general among the leading socialist warriors" (Har Gil 1969: 18).[10]

The various ideas, arguments, and examples developed in "Capitalism and the Jews" appeared even before Friedman's visits to Israel. The first occurrence can be traced back indeed to *Capitalism and Freedom*, a series of lectures organized by the Volker Fund in 1956, later typed and edited by Rose Friedman in 1962 (Blundell 2013). The example of the Jews' benefits from capitalism opens the chapter titled "Capitalism and Discrimination." Then comes the same paradox as in "Capitalism and the Jews" "in spite of this historical evidence, it is precisely the minority groups that have frequently furnished the most vocal and most numerous advocates of fundamental alterations in a capitalist society" (Friedman [1962] 1982: 108–9).

After 1972, each time Friedman writes or speaks about Israel or topics pertaining to Israel, he frequently uses his main idea—the paradoxical Jewish attitude toward capitalism. The exact same arguments were repeated in an interview for *Playboy* magazine in 1973 (Friedman 1973a), in a commencement talk delivered at Hebrew University of Jerusalem in 1977 (Friedman 1977c), in a Newsweek column titled "Israel's Other War" (August 22, 1977: 57), when speaking on Richard Heffner's talk show *The Open Mind* in 1977 (Heffner 1977), in a television interview in Israel (quoted in *The Sentinel* 1977), and at a conference at the B'nai B'rith Hillel Foundation in Chicago in 1976 (Friedman 1976). Friedman also

8. In 1969, Friedman stayed two weeks in Israel (*Lamerkhav* 1969). In 1972, Friedman came to Israel to deliver the Horowitz lectures (Friedman and Friedman 1998: 463).

9. David Horowitz is a former head of the Bank of Israel. It should be noted that Lipkes also mentions in a footnote of his article that Friedman's insight about "two traditions at war" was inspired by "an earlier stay in Israel, in 1962." Yet in a somewhat contradictory way, Lipkes still holds that Friedman did not show interest in the subject before 1972 (Lipkes 2019: 194).

10. We thank an anonymous referee for having pointed out to us these last two references. We borrowed his or her translation for the article in *Maariv*.

recalled the same arguments about Israel and socialism in his opening address to a 1988 Symposium on American-Israeli Economic Relations (Friedman 1990).[11] Yet the 1972 lecture was not the result of Friedman's purely private curiosity. Behind "Capitalism and the Jews" were also political aspects that motivated him to choose this particular topic for his Mont Pèlerin society presidential address.

1.2. Lecturing about Culture and Values: A Bait for "Big Names"

Whereas Lipkes relates Friedman's argument mostly to Sombart's text, we suggest that this focus does not grasp the motivation of Friedman at all. Friedman very likely had a second-hand knowledge of Sombart, and more generally of Jewish economic history, as he acknowledged himself. The reference to Sombart was probably motivated by polemical intentions—a classical gesture for Friedman in his nonacademic interventions—but does not explain why Friedman chose capitalism and the Jews as the theme of his presidential lecture. Archival material reveals that Irving Kristol played a more important role than Sombart in shaping Friedman's motives.

In 1972, for its twenty-fifth anniversary, the Mont Pèlerin Society was back on the Swiss mountain that gave it its name. The society was however a different one. From 25 in 1947, the membership had grown to 372 members in 1972, and the intellectual leadership had passed from Hayek to Friedman (Burgin 2012: ch. 5 and 6, 207–13). The small gathering of peers coming from different disciplines paved the way to a crowd of mostly libertarian-oriented economists and businessmen. Friedman had been president for two years and was eager to attract noneconomists as members, and to revitalize the intellectual profusion of the first years of the society. Friedman was thus looking for new alliances and extended influence. As part of this general agenda, Friedman invited Irving Kristol to participate as a speaker. Kristol, at the time Henry Luce Professor of Urban Values at New York University, was a prominent public intellectual whose personal trajectory, from a young Trotskyist within the "New York Intellectuals" circle to become the "standard-bearer" of neoconservatism (Steinfels 1979: 85), changed direction after his disillusion with what he framed as the cultural consequences of the "War on Poverty."

11. It should be noted that most of these post-1972 references are known and acknowledged by Lipkes. Our critique against Lipkes is thus aimed at his chronological account before 1972, and not after 1972.

Kristol's lecture at the Mont Pèlerin society meeting was a plea against "economic thinking" and the failure of free-market thinkers to enter the culture wars. In Kristol's perspective, "economic thinking" implied noninterference toward individual preferences. Such noninterference was the basis of "liberal civilization," and was threatened by the New Left, whose main argument was, unlike the Old Left, no longer about strictly "economic" issues (e.g., central planning) but rather about the negative cultural dimensions of capitalism. Yet Kristol also deplored the fact that the Mont Pèlerin society had abandoned the war centered on values (Kristol 1973: 7–9). Kristol saw Friedman as the typical libertarian, retreating from the discussion on the "cultural perils of capitalism" (Burgin 2012: 212).

Friedman may not have heard or read Kristol's lecture before his own address. Yet he was well informed of Kristol's intellectual agenda. Friedman was sympathetic to Kristol's views (Burgin 2012: 211), and they had been in touch through their contributions to the editorial page of the *Wall Street Journal* (Murray Friedman 2005: 181). Kristol's ideas had also been diffused through *Public Interest*, a review Kristol founded in 1965 with Daniel Bell. *Public Interest* offered a venue for criticisms of the welfare state and the Johnson administration based on cultural arguments (Hamburger and Steinmetz-Jenkins 2018).

Friedman knew that questions of values and culture was decisive for Kristol. Lecturing about capitalism and the Jews was the occasion to engage a discussion on the cultural aspects of capitalism. Just like Kristol, Friedman insisted in his address on the necessity to change not so much the economy, but rather "the climate of opinion" (Friedman 1972: 3). The beginning of his lecture echoes Kristol's arguments that the New Left had "been intellectually defeated on its chosen battleground, i.e. economics" but was now launching a successful "assault on liberal society" on cultural values (Kristol 1972: 5). Friedman framed his agenda for the Mont Pèlerin society as a cultural issue: the society had been unsuccessful in moving *intellectual opinion* in the right direction and in "persuading intellectuals everywhere" of their views (Friedman 1972: 3).

Friedman took various initiatives to attract Kristol to the Mont Pèlerin society meeting. As president of the society, he offered to finance both speakers and wives' personal fees to "bait" a "big fish" such as Irving Kristol.[12]

12. "The inviting of speakers with the condition that their wives also get hotel fare was a bait that Milton and I contrived for some of the big names like Popper or Kristol" (George Stigler to Ralph Harris 15/03/1972, Milton Friedman Papers, Box 18, Folder 6, Mont Pelerin Society Records).

Kristol initially refused but eventually agreed to deliver a talk after "much determined cajoling" (Burgin 2012: 211) from Friedman. Yet Friedman's strategy was not successful, at least in the short run. Kristol participated in the Montreux conference, but his lecture challenged Friedman's "economic thinking" (211). After the 1972 conference, Kristol and Friedman exchanged letters about "Capitalism and the Jews." Kristol offered harsh criticism of Friedman's essay. From Kristol's perspective, cultural problems such as those raised by Friedman in "Capitalism and the Jews" could not be addressed in purely economic terms. Interpreting Jewish mentality requires interpreting Jewish culture, values, and religion: "the problem, I think, is that you know so much more about capitalism than you do about Jews. To my mind, there is simply no question but that Jewish 'values' have played an absolutely crucial . . . role in causing Jews to be sympathetic to the left."[13] Kristol had his own cultural interpretation.[14]

In the end, Friedman's strategy was rather limited. As a symbolic gesture, he deliberately chose to address a cultural problem instead of monetary policy for his presidential lecture. Yet he did not go further in this direction of studying carefully his own claims about Jewish cultural history. As he recognized himself after the conference, he did not possess the necessary skills in history and sociology to treat these complex cultural questions that were, however, central themes of "Capitalism and the Jews": the paper "has led me way out of my ordinary field of specialization," confessed Friedman to Nathan Glazer right after the Montreux gathering.[15]

1.3. Theoretical Influences: Glazer, Racial Conservatism and the Economics of Discrimination

A striking feature of "Capitalism and the Jews" is the weakness of many of its empirical claims. As Lipkes points out, Friedman's broad generalizations have limited historical validity (e.g., conservative parties in nineteenth-century Europe were not promarket; Lipkes 2019: 199). More fundamentally, Friedman's *method* in "Capitalism and the Jews" is particularly

13. Irving Kristol to Friedman 16/10/72, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives.

14. Kristol highlighted to Friedman the importance of Jewish messianism, which he argued explained a large part of "Jewish leftism" (Kristol to Friedman 16/10/72, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives).

15. Friedman to Nathan Glazer 18/09/72, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives.

weak. The lecture consists mostly of what seem to be personal opinions and casual impressions on a subject about which Friedman is far from knowledgeable.

Particularly significant in this regard is Friedman's anecdote about his participation in a monetary conference. At the beginning of the lecture, Friedman recalls attending an International Monetary Conference in which participants were either top executives in major commercial banks or intellectuals, including academics. Friedman estimates "roughly" that only 1 percent of the first group were Jewish, compared to 25 percent for the second. According to Friedman, this confirms the underrepresentation and overrepresentation of Jews in respectively monopolistic and free-market sectors of the society—"banking today is everywhere monopolistic" whereas "intellectual activity . . . is a highly competitive industry" (Friedman 1972: 5).

The simple figures brought here by Friedman seem to bring direct evidence for his argument but are actually much more complex to interpret from a historical perspective.[16] Many cases in the text are loosely based on "impressions" and anecdotes that seem to serve the purpose of oral persuasion in a casual conversation. This casual dimension is also visible in the vague generalities about "Jews in the Diaspora" and "Jews in Israel" in the end of the paper: "Jews in the Diaspora were reputed to be excellent cooks; cooking in Israel is generally terrible" argued Friedman to support his claim that Israeli Jews are trying to do exactly the opposite of Jews in the Diaspora in order to differentiate themselves from "Jewish stereotypes" (Friedman 1972: 19). "Capitalism and the Jews" could thus be understood as what Jean-Baptiste Fleury and Alain Marciano call "casual economic thinking," referring to the discussion of the Becker-Posner blog. According to Fleury and Marciano, Becker and Posner were not interested in being "theoretically sound and correct" in their blog, but in making short and striking arguments (Fleury and Marciano 2013: 271). We argue that this was also the case of Friedman with "Capitalism and the Jews."

16. Just to mention an obvious problem, beyond the anecdotal nature of the argument: Friedman provides no reason for his claim that universities are less monopolistic than the banking sector. It can be argued on the contrary that free entry has not been a universal characteristic of intellectual activity, especially in academia. In the US, there were many restrictions to the admission of Jews in the universities until the 1940s (Synnott 1979; Karabel 2005), elements Friedman perfectly knew from personal experiences and knowledge.

As a case of "casual economic thinking," "Capitalism and the Jews" can be distinguished from Friedman's academic contributions. Yet, the essay was not completely unrelated to academic works. It should be noted first that Friedman did some research to back up his claims. Besides anecdotes and impressions, Friedman quoted academic references in political science, sociology, history, and philosophy.[17] Of particular interest for Friedman was Glazer's 1955 article titled "Social Characteristics of American Jews, 1654–1954," which contained many statistical data. Friedman also quoted two books by Glazer (1957, 1961). Right after the Mont Pèlerin Society meeting, Friedman asked several scholars for comment. It is worth noticing that Glazer was the only recipient of Friedman's reprint to give a positive assessment of Friedman's essay.[18] In his reply to Friedman, Glazer considered "Capitalism and the Jews" an interesting essay and gave Friedman an additional reference on the topic, which Friedman discusses in his next letter to Glazer.[19]

It can be hypothesized that Glazer's positive reading of Friedman's casual discussion on a topic Glazer knew very well can reasonably be explained by Friedman and Glazer's common theoretical interest and political convictions about the question of racial discrimination and minorities.[20] Both Glazer and Friedman were eager to provide an intellectual criticism of what they saw as the intellectual basis of the civil rights movement. Beginning in the mid-1960s, and crystalizing in the book *Affirmative Discrimination* published in 1975, Glazer's thought became increasingly critical of affirmative action policies. Friedman changed his mind on civil rights evolving from a mild support in the early 1950s to a belief that market incentives were a better and faster road to racial

17. These references include Wilson and Banfield 1964; Fuchs 1956; Cohn 1956; Rivkin 1971; and Arendt 1951.

18. Right after the conference, the reprints of the lectures circulated beyond participants of the Mont Pèlerin society meeting. Lipkes provides the exact list of the recipients to whom a reprint was sent: Nathan Glazer, Martin Bronfenbrenner, Stanley Fischer, Irving Kristol, Edward K. Offenbacher, George Stigler, Anna Schwartz, Leo Rosten, Edward Banfield, and Herbert Frankel. The last four recipients either did not reply or Friedman did not retain their answers (Lipkes 2019: 195–96).

19. Nathan Glazer to Friedman 22/09/72, and Friedman to Nathan Glazer 11/10/72, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives.

20. Glazer was at the time a sociologist from Harvard University. Like Kristol, Glazer had evolved from Trotskyism to neoconservatism. Glazer was also a regular contributor to Kristol's review *Public Interest* (Hamburger and Steinmetz-Jenkins 2018). See Dorman 2000 and the film "Arguing the World" for oral history of four of the "new intellectuals."

integration than any legislation.[21] But both Friedman's and Glazer's basic argument was the same: affirmative action in universities and businesses went beyond mere nondiscrimination, hence beyond the meaning of the Civil Rights Act of 1964 and the initial intent of Congress.[22] It also violates states' rights to self-government as well as business freedom. This type of argument was the basis of "racial conservatism" in the late 1960s—which consisted in "oppos[ing] federal intervention on racial issues while supporting the principle of equal opportunity" (Burstein 1998: xxxiii).

Friedman's views on economic discrimination against the Jews was also probably inspired by the work of the historian Arcadius Kahan, a specialist of Russian and Jewish economic history. Though no archival evidence were found, Kahan and Friedman were very probably familiar with each other: both were colleagues in the same department for more than twenty years.[23] Friedman's "Capitalism and the Jews" bears some common features with Kahan's research. One of Kahan's important ideas was indeed that anti-Jewish discrimination in Russia had strong and negative effects on both Jews and Russians (Kahan 1986). Conversely, argued Kahan, "by not requiring that the commodities produced have any labels

21. Unearthed by Burgin in Friedman's correspondence with Machlup in 1952, Friedman demonstrated a "genuine concern with civil rights and a preference for politicians who emphasized the issue" (Burgin 2012: 202). His beliefs that private alternatives to government-administrated schools would foster integration was the main argument in his criticism of forced desegregation. In *Capitalism and Freedom* (1962: 113), Friedman compared Roosevelt's executive orders creating the Fair Employment Practice Committee and banning discrimination in federal employment and in contracting for war work, to "the Hitler Nuremberg laws and the laws in the Southern states." *The Crimson* reported his objection to the Civil Rights Act of 1964 from his intervention at Harvard the same year (*The Crimson,* "Friedman Clarified," May 12, 1964, thecrimson.com/article/1964/5/12/friedman-clarified-pto-the-editors-of/).

22. While converging on Nixon's administration having distorted Congress's intent, Friedman did not seem to fully adhere to the intent of the Congress in the first place. He advised one of the main opponents to the passage of the Civil Rights Act, Senator Barry Goldwater. Burgin reports Friedman's only criticism to Goldwater was that he should have made his position known earlier in the campaign. Goldwater's perspective against interference with states' rights was "excellent" and a true manifestation of "equal treatment of all, regardless of race." Friedman quoted in Burgin 2012: 202.

23. Born and raised in Vilna, Kahan migrated to the US in 1950 (Mohrer and Web 1998: 146) and was brought to the University of Chicago, first as a research associate. He joined the college faculty and the department of economics in 1962 (Weiss 1985: ix). Kahan's papers at YIVO (YIVO Archives, Papers of Arcadius Kahan, RG 1156) do not include any correspondence. In any case, the Kahan-Friedman correspondence is probably nonexistent, since Kahan and Friedman were colleagues at Chicago.

other than the price tag the free market works against discrimination" (quoted in Gross 1975: 83). More generally, Kahan used what he referred to as "economic analysis" to portray the Russian Jew as a "rational economic man" (Frankel 1986: xii).[24]

Beside Glazer and Kahan, another important academic influence on Friedman's essay was Becker's taste-based model of discrimination.[25] Friedman took from Becker a simple argument on individuals' sovereignty vis-à-vis the government: even if a majority of individuals see a preference as discriminatory, the government must remain neutral. Government should not impose the tastes of the majority on a minority. From this perspective, competitive forces will eliminate discriminatory practices. This argument is to be found in the chapter of *Capitalism and Freedom* devoted to discrimination (Friedman 1962: 108–19) with direct references to Becker. Friedman used Jewish economic history as a confirmation of his personal views about economic discrimination in general: his remarks on the Jews are often repeated to apply to all minorities.[26] In both *Capitalism and Freedom* and "Capitalism and the Jews," Friedman provides the same narrative about the historical role of capitalism for minorities. For this reason, "Capitalism and the Jews" can be compared to *Capitalism and Freedom* of the early 1970s. Another reason is its provocative tone when, for example, Friedman compares Roosevelt's Fair Employment Act to the Hitler's Nuremberg Laws (Friedman [1962] 1982: 113).[27]

Another important theoretical influence in Friedman's rhetoric about minorities was the question of professions as "noncompeting groups" in the labor market. This relates to an earlier interest of Friedman's. His

24. In an article about Soviet Jews, Kahan explicitly related his "economic" analysis to Friedman: "such opportunities were not granted without a price, or as my colleague Milton Friedman says, 'There ain't such thing as a free lunch'" (Kahan 1986: 196–97).

25. Friedman was involved in the supervision of Gary Becker's dissertation, "The Economics of Racial Discrimination," defended in 1955. At a personal level, Friedman strongly supported Becker's career and put all his authority in favor of the publishing of *The Economics of Discrimination* in 1957, after the University of Chicago Press first rejected the book (see Fleury's [2012: 20–21] account of the incident). Friedman also supported Becker for membership in the Mont Pèlerin society (Friedman to Ralph Harris 11/12/67, Milton Friedman Papers, Box 85, Folder 7, Hoover Institution Library and Archives).

26. See, for instance, Heffner 1977: 46–45; Friedman 1976: 23; Friedman 1985b: 446.

27. Besides "Capitalism and the Jews," Friedman also told the Israelis on more than one occasion that fixed exchange rate regimes had been invented by the Nazis to prevent outflows of Jewish capital (Har Gil 1969: 18).

dissertation written with Simon Kuznets and titled "Income from Independent Professional Practice" was a detailed empirical study of the relatively higher incomes in independent professions (such as physicians, dentists, lawyers, and certified accountants). Friedman and Kuznets argued that such incomes were due to occupational licensure that allowed independent professions to reduce competition (Friedman and Kuznets 1945).[28] Another influential academic contribution in this domain was Reuben Kessel's 1958 paper which circulated widely at Chicago. Titled "Price Discrimination in Medicine," it was a case study of discriminating monopoly in the medical profession. Kessel's results showed, similarly to Kuznets and Friedman's, that the medical profession, as a whole, and in the case of a specific national organization, was acting as a monopoly and discriminating against minorities, especially Jews.

Friedman had a superficial interest in the economics of discrimination; he took from this burgeoning field only what served his rhetorical purpose. A very important literature using wage differences to measure discrimination was developing, alongside new theoretical arguments, starting in the late 1960s. Later on, Friedman did not engage with the important literature on discrimination and affirmative action being published in economic journals in the 1970s.

In the early 1970s, Friedman received a lot of criticism, sometimes from very close friends, as well as by specialists of the subject. His weak empirical evidence was criticized.[29] Also noted was his lack of a precise definition for "capitalism."[30] Stanley Fischer also pointed out that the dichotomy between "freedom" and "collectivism" was far too general.[31] Friedman was criticized for being ignorant of cultural issues. His choice to deliberately and polemically consider Sombart a relevant reference was widely commented on. In the margins of the "Capitalism and the Jews" reprint, sociologist Joseph Ben-David already pinpoints the Som-

28. The dissertation was published as an article in 1939 and then as a book in 1945. Kuznets worked later on Jewish economic history and wrote several essays on this topic. Kuznets's studies in Jewish economic history have been recently edited (Kuznets 2017).

29. See for instance the handwritten comments on Friedman's reprint: paragraphs are annotated with strong negative comments such as "irrelevant," "has changed," and "no." The comments are signed in a following note by the nickname of "Josi," which we hypothesize is Joseph Ben-David, an Israeli sociologist and a close friend to Friedman.

30. See for instance an anonymous letter to Friedman, undated, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives.

31. Fischer to Friedman 10/10/72, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives.

bart reference as "non-sense—not worth quoting." He recommended that Friedman "Leave S. [Sombart]. Take Katz, Baer."[32] In later version of the text, Friedman did not incorporate these criticisms or add nuances, precisely because the objective of his paper was not to write an academic piece on Jewish history but a pamphlet in favor of the free market directed to specific audiences.

2. Beyond and after the Mont Pèlerin Society Meeting: Building New Audiences

2.1. A Personal Matter

Friedman made it clear that discrimination was a personal matter for him, as a nonleftist Jew.[33] Friedman personally experienced discrimination in 1940–41 (Lampman 1993).[34] Though Lipkes claims that "Capitalism and the Jews" "is worth considering for the light it sheds on the view of [Friedman's] heritage," he very rapidly dismisses the importance of Friedman's personal relationship to Judaism. Friedman was indeed not an observant Jew.[35] However, he and his wife were concerned about the fate of the Jews,

32. More precisely, he recommends *Tradition and Crisis* by Jacob Katz ([1961] 2000). Baer refers probably to historian Yitzhak Baer ("Capitalism and the Jews," Milton Friedman Papers, Box 220 Folder 7, Hoover Institution Library and Archives). On the Sombart problem, see also the anonymous letter to Friedman, undated, Milton Friedman Papers, Box 220, Folder 7, Hoover Institution Library and Archives.

33. This double identity is also put forward in his correspondence on gender discrimination with Carolyn Bell in the early 1970s. Friedman wrote that he felt "very much concerned with two . . . issues of discrimination on university campuses: one, between Jew and non-Jew; and second, between different political views, in particular what has come to be called liberal and conservative" (Friedman to Carolyn Shaw Bell 01/08/73, Milton Friedman Papers, Box 20 Folder 34, Hoover Institution Library and Archives).

34. Friedman was not fully aware of every element at the time, and Lipkes reports that according to David Friedman, Milton's son, his father did not attribute his ousting to antisemitism (Lipkes 2019: 221–22). Yet Friedman realized the problem later after reading Lampman's inquiry (Weintraub 2014: 120). See also Friedman and Friedman 1998: 58–100.

35. After a "fanatically religious phase" at the age of twelve, Friedman dropped religion completely (Friedman and Friedman 1998: 23; Ebenstein 2007: 9). His wife Rose came from a more observant background but she "came at a young age to look on religious belief as superstition" (Friedman and Friedman 1998: 40). Neither Rose nor Milton were part of a Jewish community nor frequented a synagogue on a regular basis; their children were not religiously educated, the Friedman family celebrated Christmas and non-Jewish holidays (Friedman and Friedman 1998: 82). The couple married religiously at Rose's request, to please her parents, after Milton long refused to do so (Friedman and Friedman 1998: 23). Lipkes's conversations with Friedman's daughter and son suggest that their father never spoke with them on this subject, and claimed to be agnostic (Lipkes 2019: 195).

particularly in the Soviet Union.[36] Friedman made regular donations to United Jewish Appeal, the main Jewish philanthropic organization.[37] He was also familiar with American Jewish "pop culture," as his participation at the University of Chicago in "The Great Latke-Hamantasch Debate" indicates. Participants in these farcical debates argue the relative merits of latkes (a traditional Jewish dish served at Hanukkah) versus hamantaschen (pastries served during the feast of Purim); Friedman provided a humorous contribution using equations and formula.[38]

The Friedmans were second generation-immigrants, who were—unlike their parents—nonobservant and highly assimilated to American culture, yet still culturally attached to the Jewish community in general. Such a trajectory is actually very typical of Eastern European Jewish immigrants in the US, who followed a pattern of rapid socio-economic advancement, resulting in partial or full abandonment of rituals, acculturation to American culture, and secular attachment to Jews and Judaism.[39]

Friedman also expressed a personal interest in Israel politics. In 1952, he was approached to participate in an economic advisory team in Israel; he had to turn down the offer but told Don Patinkin: "it broke my heart to refuse the request, since I would love personally to spend a few months in Israel for all kinds of reasons that you can readily understand" (Friedman quoted in Leeson 1998: 438). Friedman had also a good knowledge of Israel's political and social situation, through his early correspondence with Don Patinkin in the 1950s and later on with sociologist Joseph Ben-David, and his three trips to Israel prior to the Mont Pèlerin society meeting. It could be objected that Friedman was interested in Israel, not necessarily in Jews and Judaism. Yet later on, answering a question about his support to the newly elected Likud government, Friedman said: "I have a very strong,

36. Friedman collected numerous references on the circumstances of Jews in the Soviet Union. His papers contain a box titled "Soviet Jewry," filled with surveys, and press and academic articles (Milton Friedman Papers, Box 205 Folder 6, Hoover Institution Library and Archives). The material was requested by Friedman from the Academic and Professional Committee on Soviet Jewry (Harold Lerner to Friedman, undated, Milton Friedman Papers, Box 205, Folder 6, Hoover Institution Library and Archives) In their autobiography, Milton and Rose recall that during their trip to the Soviet Union, they went for Rosh Hashanah to a synagogue in Moscow, and felt deeply saddened by the situation of Russian Jews (Friedman and Friedman 1998: 287–89).

37. Friedman to H. Lichtman 11/03/80, Milton Friedman Papers, Box 197 Folder 1, Hoover Institution Library and Archives.

38. A reprint of Friedman's speech is to be found in Cernea 2005: 71–72.

39. This pattern of socioeconomic progress is a well-documented phenomenon: see Kuznets 1972, 1975; Kahan 1975, chap. 10; Chiswick 1983, 1993, 2010; Lederhendler 2009. For general references on American Jewish history, see Sarna 2004; Diner 2004.

personal sympathy and interest in Israel. I am Jewish by origin and culture, I share their values and beliefs, I share the admiration . . . for the miracles that occurred in Israel" (quoted in Heffner 1977: 50).

Pointing out the contradiction of what he referred to as "Jewish leftism" was also a way for Friedman to persuade his own community of his belief in the virtues of the free market. Friedman's lecture at University of Chicago Hillel in 1976 offers the opportunity to understand how Friedman meant to convey his arguments to a Jewish audience.

2.2. Playing with Cultural Stereotypes: Presenting "Capitalism and the Jews" to a Jewish Audience

In 1976, the B'nai B'rith Hillel Foundation, a Jewish student organization, asked Friedman to give a lecture at the University of Chicago. The talk was moved to a larger auditorium, as Friedman had won the Nobel Prize in between the invitation and the event.[40] Friedman used the same text as the 1972 "Capitalism and the Jews" as the basis for his talk. Such a choice was risky. As seen before, "Capitalism and the Jews" was polemical and filled with controversial statements. Despite being "at home" at the University of Chicago, he was not "at home" at Hillel: Friedman was not a regular member nor did he ever participate in the Hillel community or in any another Jewish organization in Chicago. At the very beginning of his lecture, he highlighted the tradition of "variety and diversity and independence at the University of Chicago" and warned his audience of the controversial nature of his talk: "Now, [on] the views which I am going to express tonight on the subject of Capitalism and the Jews, will I think beyond that tradition? And I'm not sure that Hillel will be entirely happy about inviting me to express those views" (Friedman 1976: 7). Yet, the audio recording of the conference shows that Friedman's lecture was an overwhelming success. The crowd was laughing and applauding throughout the talk. This is further confirmed by a letter written by Daniel Leifer, at the time rabbi at Hillel Chicago, a week after the conference: "It was also a fine and stimulating talk. Students at Hillel have been discussing it throughout the week. I personally enjoyed it and learn from you."[41] During the following discussion with his audience, Friedman got the usual attacks

40. The audio recording is available online www.law.uchicago.edu/recordings/milton-friedman-capitalism-and-jews. Quotes in this subsection are made from this audio file, referred as Friedman 1976.

41. Rabbi Daniel Leifer to Friedman, 22/10/76, Milton Friedman Papers, Box 220 Folder 7, Hoover Institution Library and Archives.

about his role as a political advisor in Chile (Friedman 1976: 1:04). Yet he was not questioned about his use of Jewish stereotypes.

A first reason for the success of the 1976 lecture at Hillel was Friedman's ability to establish a cultural proximity and connection with his audience. In the beginning of his lecture, right after his warning, Friedman said: "But after all, the Jews also have a tradition of tolerance and diversity. As you know, it is an old Jewish saying that if there are two Jews in any community there are always three synagogues" (Friedman 1976: 7). This sense of cultural proximity confirms our interpretation that Friedman consciously chose not to speak and write about capitalism and Jews in an impersonal tone. Personal involvement was also reflected by Friedman's concern for antisemitism. He argued in a long digression that antisemitism was at the heart of the Federal Reserve Bank of New York's unwillingness to save the Bank of United States in 1930 (17). Friedman also mocked the "popular fiction" that Jews control the bank (16).

A second reason for the "warm response" to the 1976 lecture at Hillel was Friedman's sense of humor and ability to play with Jewish stereotypes. The content of the 1976 talk at Hillel shows *no* substantial changes compared to the reprint of the Mont Pèlerin society lecture. Yet Friedman did not recite line by line, and made numerous digressions that mostly consisted in jokes and funny remarks. As suggested by his performance in the TV show *Free to Choose*, Friedman was a gifted orator who knew how to amuse his audience (Burgin 2012). Friedman also knew that many of his claims were excessive and highly polemical, but always found a way to communicate it with humor and self-irony. For instance, at the end of his talk, Friedman mocked his own statement about cultural differences between Israeli Jews and Jews in the Diaspora: "and now, to add the absolutely final capstone to this demonstration . . . the Jews in the Diaspora were marvelous cooks!" (Friedman 1976: 47).

Self-irony allowed Friedman not only to make people laugh, but more fundamentally to suggest that he was deliberately exaggerating his own views, and thus authorized to flirt and play with stereotypes. This was the case, for instance, of the alleged "Jewish intellectuality," introduced and explained by Friedman, here again in a humorous tone: "Jews have been disproportionately intellectual . . . if you are a persecuted minority, more subject to being forced to flee from where you are, you'd want to accumulate your capital in forms in which you can take with you. And the best way to do it is obviously as [an] intellectual. . . . That's why they [the Jews] accumulated brains! And I can see that all of you being in the process of

making that kind of capital accumulation" (Friedman 1976: 32–34). Friedman's argument about "investing in brains" is a common cultural explanation for the alleged superiority of the Jews in intellectual occupations, which can be easily dismissed.[42] Even if it might be seen as a virtue or a praise, the belief in Jewish superior intelligence, like any stereotype, can be associated with both positive and negative meanings.[43] Half-jokes, half-truths: these statements also meant that Friedman (at least partially) endorsed the stereotypes he was playing with.

At the end of his talk, Friedman concluded that antisemitism "was based on the notion that Jews were money-grubbing, grasping, selfish, keepers" adding that "there's nothing wrong with being money-grubbing!" (Friedman 1976: 43). This ironic play on Jewish stereotypes thus enabled Friedman to convey his essential message: "we," as Jews, should be proud of being in favor of the free market. In other words, it was a matter of turning the old prejudice into a positive quality.

Friedman's interpretation of Sombart's book as "philosemitic" falls in with the same provocative rhetoric. Friedman adopted the general idea of Jews as "inventors of capitalism," one of Sombart's views widely considered as antisemitic, and claimed that this idea was actually praise and should be a source of pride for Jews. No matter what Sombart exactly meant or wrote, Friedman firmly believed that the free market and the Jews were

42. For a logical critique of this argument, see Ayal and Chiswick 1983: 862–62: the problem is that human capital investments are portable, because they are embodied in the person, but they are not necessarily transferable, especially if there is a risk of random murders or if human capital investments are country-specific (e.g., degrees, diplomas). For this reason, a Jewish lawyer had less transferable assets than a Jewish stockholder in Germany in the 1930s. Friedman's argument can also be criticized from a historical perspective: if American Jews had on average better educational attainments in the 1970s (Chiswick 1993), statistical studies in the early twentieth century showed the relatively high frequency of illiteracy among Russian Jews (Ruppin 1906a). At the time, Jewish reformers and social scientists saw Jewish education in Eastern Europe—and in particular the *kheder*, the traditional school that provided almost exclusively for literacy in Hebrew for religious needs—as deficient and backward (e.g., Rabinowitsch 1913; Lawin 1905; on this matter, see Vallois forthcoming).

43. In his book, *The Construction of the Image of Jewish Superior Intelligence*, Sander Gilman argues that discussions over Jewish intelligence have their roots in debates about race and racial science in the late nineteenth and early twentieth century. At the time, Jewish "intelligence" was not necessarily seen as a quality, and much more as a deformation, associated with nervous disease in particular (Gilman 1996). The ambivalence of this stereotype is particularly visible in the economic domain. In debate over Jewish employment structure of the early twentieth century, Jews were sometimes praised for their "intellectual" achievements (e.g., innovation, entrepreneurial activities), but their excessive intellectual activities were also considered as a source of economic handicaps: such as a lack of discipline, inaptitude for physical work, and rebellion (Vallois forthcoming).

good to one another. There were no plain antisemitic intentions, but Friedman's intimate conviction involved (at least) partial subscription to the cultural stereotype that Jews and capitalism had specific affinities.

2.3. Friedman's Cultural Mission in Israel

Friedman's "cultural mission" among the Jews had not been restricted to Chicago and extended to Israel, too. Friedman had indeed a brief role in 1977 as an economic advisor to the Begin government, the first elected government in Israeli political history led by a right-wing party. This political experience in Israel was at best, mixed, but can be seen as a failure of influence. Right after Friedman's visit, the Israeli government launched an "economic revolution" based on free-market reforms; the revolution failed and the government abandoned the reforms by mid-1979. It seems that the Israeli government did not consult him regarding the details of the "economic revolution," and that Friedman failed to persuade them to actually implement his ideas (Schiffman, Young, and Zelekha 2017).

However, Friedman's activities in Israel were not so much about changing the actual economy, but rather the intellectual climate. After the 1977 events, Friedman remained active in the intellectual debates surrounding Israeli politics and economics. In particular, Friedman supported the activity of the conservative think-tank, the Israel Center for Social and Economic Progress (hereafter ICSEP) in the 1980s.[44] Friedman's participation in the ICSEP was the natural extension of the agenda of his 1972 presidential lecture. As for Friedman, promoting free-market ideas in Israel was a way to counterbalance the second part of the paradox of capitalism and the Jews, that is, the historical association of Jews with the Left. In a 1990 letter, Friedman regrets that right-wing think-tanks such as ICSEP were "greatly outnumbered and out-financed by the institutions that are on the other side of the picture. That is in turn simply a continuation of the historical tendency for Jews to be on the left."[45] Irving Kristol

44. The ICSEP was funded by Daniel Doron, an Israeli political activist trained in economics. Doron translated *Free to Choose* into Hebrew in 1986. As suggests his correspondence with Doron, Friedman was very actively contributing to the activities of the Center. Friedman participated in fundraising (Friedman to Doron 22/09/86, Milton Friedman Papers, 21/07/87, Box 200 Folder 2; Friedman to Doron 21/01/87, Milton Friedman Papers, Box 200 Folder 3, Hoover Institution Library and Archives). At the demand of Doron, Friedman wrote laudatory blurbs that are still displayed at the front page of the center's website (icsep.org.il/).

45. Friedman to Tab Taube 12/03/90, Milton Friedman Papers, Box 197 Folder 3, Hoover Institution Library and Archives.

was also instrumental in the founding of the ICSEP.[46] Both Kristol and Friedman shared the idea that Israel had been ideologically "wrong" and should abandon its socialist bias. In a 1999 conference in Jerusalem, Kristol expressed regret that a conservative political tradition was lacking in Israel. The speech was subsequently published as an essay titled "On the Political Stupidity of the Jews," and it contains many echoes of the paradox Friedman identified in "Capitalism and the Jews."

The conventional narrative is that the Israeli economy went during its history from government intervention and "statism" to market economics (Ben-Porath 1986; Kleiman 1997; Ben-Basiat 2002). Though this evolution in Israel did probably not result from a conversion of state elites to Friedman's economics and to the narrative told in "Capitalism and the Jews," Friedman's provocative rhetoric mirrors some political evolutions in the Jewish world. The informal political alliance between the Jews and the Left described by Friedman as an obvious fact, has been described in more accurate terms by historians and sociologists (Lipset and Everett 1971; Mendes 2014; Jacobs 2017). This alliance between the Jews and the Left is considered to have broken apart in the 1970s (Mendes 2014; Jacobs 2017). When Friedman first framed his paradox, the gradual transition of the main US Jewish organizations such as the Anti-Defamation League or the American Jewish Committee toward conservatism was already underway. These organizations played an important role in the fight for civil rights and against discrimination in the postwar period (Svonkin 1997; Murray Friedman 2005; Mendes 2014; Jacobs 2017). The "informal alliance" between Jewish organizations and antidiscrimination struggles is seen to have gradually collapsed in the late 1960s, following the Six-Day War and the Yom Kippur War. It could thus be argued that Friedman's "Capitalism and the Jews" coincided with the rise of Jewish conservatism and the dissolution of Friedman's paradox.

2.4. 1980s Publications of the Essay: Friedman and Neoconservative Audiences

The unusually long delay between presenting, writing, and actual publishing "Capitalism and the Jews," as well as the venues where it eventually

46. Friedman to William Simon 14/03/90, Milton Friedman Papers, Box 197 Folder 3, Hoover Institution Library and Archives.

got published—*Encounter* in 1984, *The Freeman* in 1988, and the collective book under the auspice of the right-wing Fraser Institute (1985)—confirms our interpretation that Friedman's ultimate goal was not to produce an academic piece of intellectual history but rather a short essay to make a long-standing argument about free-market economics to new audiences.

The first venue after the Hillel conference was a two-day symposium in Vancouver on the "morality of the market" held in in August 1982 and organized by the Fraser Institute. Part of a Liberty Fund Inc. program, the meeting gathered a number of theologians and religious men—both Christians and Jewish—as well as many economists: Walter Block (senior economist at the Fraser Institute), Kenneth Boulding, H. Geoffrey Brennan, Kenneth G. Elzinga, Paul Heyne, Aaron Levine, David I. Meiselman, former president of the Mont Pèlerin society Arthur Shenfield, Anthony Waterman, and Milton Friedman. Papers, comments, and discussions were printed after the symposium in a 1985 conference volume. This symposium is interesting because both Friedman and his commentators agreed on the lightness of evidence in "Capitalism and the Jews." This suggests that Friedman and the organizers of the symposium shared a common political agenda, which allowed them to go beyond the flaws of Friedman's essay.

This political agenda was clearly stated in the preface of the conference volume. The three editors—Block, Elzinga, and Geoffrey Brennan—claimed that the main objective of the symposium was to address a "political concern" regarding the domination of "an anti-market orientation . . . within the ecclesiastical establishment" (Boulding et al. 1985: xvi). To change this situation, the organizers hoped "some useful purpose to be served by a dialogue between theologians and economists on the virtues and vices of the free market order" (Boulding et al. 1985: xvi). Friedman's chapter was pivotal in the organization of the discussion.

Economist Sally Herbert Frankel's "Modern capitalism and the Jews," which had been written several years before, was included in the publication as a criticism of Friedman's text, while Frankel did not attend the seminar (Boulding et al. 1985: xvii). Frankel, who has been one of the harshest critics of "Capitalism and the Jews," devoted an entire lecture at the Oxford Centre for Postgraduate Hebrew Studies to deconstructing Friedman's arguments.[47] The piece was published as a monograph (Frankel 1983) before being a part of the Fraser Institute's book (Frankel 1985).

The main attack concerned Friedman's arguments of the Jewish answer to the so-called Jewish stereotype, and his problematic reference to Sombart. According to Frankel, Friedman "did not realize that Sombart was using the Jews deliberately or unconsciously as a foil to promote socialist, and later national socialist ideas in the service of his fervent German patriotism" (Frankel 1985: 434).

Frankel went one step further in arguing that Friedman's piece and Sombart's book were actually similar both in form and content and should be therefore equally dismissed: Friedman used impressionistic evidence or forms of arguments which have a striking resemblance to those used by Sombart: "Friedman as well as Sombart . . . was seeking, in this way, simple explanations of political and economic circumstances which ideologically and emotionally deeply concerned them. . . . Some one-hundred years after Sombart accused the Jews of responsibility for modern capitalism, Milton Friedman accused them of disproportionate intellectual and political support for socialism" (Frankel 1985: 440). In particular, Friedman's solution to his paradox—the Jewish reaction to the Jewish stereotype—is "the well-known stereotype of the *Salon Kommuniste* . . .—the rich man who hides his . . . feelings of guilt for being rich by joining the communist cause" (Frankel 1985: 435). Frankel judged Friedman's view "a-historical and indefensible" and guilty of the "fallacy that races of people can be regarded as having identifiable general characteristics or attitudes which determine their behaviors" (as summarized by Block in Boulding et al. 1985: xxiii).

Friedman's defense was straightforward: Frankel's analysis applied to Sombart's thesis, not his. Lipkes analyzes in depth how Frankel "misread" Sombart (Lipkes 2019: 202–6). Yet, Frankel's reaction was unsurprising and expressed a pretty mainstream and still consensual interpretation of Sombart. Other criticisms made at the seminar made clear Friedman's lightness of evidence (Elzinga 1985: 450–51; Levine 1985: 426).

The publication of Friedman's essay despite these criticisms may be explained by Friedman's prestige. But more fundamentally, participants

47. Frankel (1903–1996) was first a professor of economics and economic history in University of Witwatersrand, South Africa, and in the postwar period, a professor of Colonial Economic Affairs, and then of Economics of Undeveloped Countries at Oxford University. Frankel was a committed advocate for the free market and opposed racial discrimination, while being unclear on the enfranchisement of black South Africans (Feinstein 2004). He joined the Mont Pèlerin society in 1950. His relationship with Friedman dates back to the 1960s.

in the symposium agreed on a common political agenda, and this is probably the reason they maintained some kind of agreement despite factual and empirical divergences. As related in Block's introduction, "the informal discussion which follows" Friedman's chapter, was meant to address empirical issues but also to "embrace the place of Jewish intellectuals in the neoconservative movement, with disagreement being voiced as to whether these individuals can be construed as being friends of the market system or not" (Boulding et al. 1985: xxiii). This discussion, we argue, captures the main objective of Friedman's piece.

During the symposium in Vancouver, Friedman welcomed these critical "comments from those . . . who are more knowledgeable about the subject of this paper." He also acknowledged that he "did not publish ['Capitalism and the Jews'] at the time [he] wrote it because, talking with a number of people about it . . . they suggested that they were not persuaded by it; and so [he] decided [he] would have to do some more work; but [he] never did any more work." Friedman did probably not regard "Capitalism and the Jews" as one of his academic contributions, but he never ceased to believe in the main thesis of his essay and remained inflexible about the virtues of the "free-market" for minorities: "as I read my paper over on the plane coming up, I felt that I really didn't want to change very much in it. So I don't mind having The Fraser Institute publish it in this form" (quoted in Elzinga 1985: 459). In the end, "Capitalism and the Jews" was published in the Fraser Institute collective book, without any substantial changes since the first Mont Pèlerin society lecture.

Two years after the Fraser conference, Friedman's "Capitalism and the Jews" was published in the journal that exemplifies the neoconservative turn, *Encounter.* Kristol, the "godfather of neoconservatives," had co-founded the CIA-funded magazine in 1953. Friedman's publication of another version of "Capitalism and the Jews" in *Encounter* (Friedman 1984), his only publication in this magazine, epitomizes some convergence between the neoconservative agenda and the free-markets advocates in the Reagan era.

During the Kennedy and Johnson administrations, there was indeed strong rivalry between what Jacob Hamburger and Daniel Steinmetz-Jenkins call "neoliberalism" and "neoconservatism." While neoliberalism aimed at "extending the economic model of the market to new areas of social life," neoconservatism preferred "waging cultural warfare against the New Left." The two tendencies became companions within the con-

servative movement in the 1980s (Hamburger and Steinmetz-Jenkins 2018: 2). Friedman and Kristol are obvious major figures of this reconfiguration. They participated in the renewal of the American right and conservatism during and after the Kennedy and Johnson administrations.[48]

This political interpretation is further confirmed by the last venue in which Friedman published "Capitalism and the Jews": the libertarian magazine *The Freeman* (Friedman 1988). Created in 1950 by the Foundation for Economic Education and considered a forerunner of the *National Review*, Hayek and von Mises were among the magazine's contributors (Hamilton 1999).

However, Friedman was no "neoconservative" and the free market remained the foundational basis of his liberalism. Friedman had abandoned the "neoliberal" label in the 1950s; he never fully stuck to "libertarian" and was dissatisfied with "conservatism" (Burgin 2012: 175). As noted earlier, Friedman remained alien to the kind of "hawkish neoliberalism" (Krampf 2018), that endorsed a strong military and political support of the Israeli state in the Palestinian conflict, as embodied by thinkers and political leaders such as Kristol or Netanyahu. While engaging different audiences, Friedman remained inflexible in his own rhetoric, his own belief in the virtues of the free market and his visceral opposition to state intervention.

His interpretation of the history of Jews in academia offers an interesting parallel with how he makes instrumental use of other minorities in a discussion on discrimination against women, as explained by Chassonnery-Zaïgouche, Cherrier, and Singleton (2018) as well as against other minorities (Chassonnery-Zaïgouche 2014, ch. 6). Again, whether in private correspondence with economist Carolyn Bell on gender discrimination or in his reflection on the discrimination he experienced at Wisconsin, Friedman never departs from his line: yes, there was antisemitism (and racism and sexism) in society, and these translate into economic discrimination, but affirmative action as well as other state regulation were not the solution.

Conclusion

The present article has focused on Friedman's public interventions on the theme of capitalism and the Jews in different contexts. The 1972 lecture at

48. For a historiographical point on the renewal of the history of conservative movement, see Allitt 2009; Burgin 2012; Burns 2010, 2014.

the Mont Pèlerin Society was not the result of Friedman's episodic interest in Jewish economic history. "Capitalism and the Jews" was deeply embedded in discourses on the politics of minorities and discrimination from the 1960s to the 1980s. Even though Friedman refused the label "neoconservative" and was not an observant Jew, his essay was meant to engage with neoconservative and Jewish audiences. Pointing out the contradiction of what he referred to as "Jewish leftism" was a rhetorical device whose objective was to persuade his audiences of the virtues of the free market.

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