Trust, Fairness and Cooperation in Times of Conflict:
A Behavioral Economics Approach to Measuring Intergroup Norms of Behavior in the
Palestinian-Israeli Conflict

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ABSTRACT

This dissertation seeks to deepen our understanding of intergroup relations by employing a behavioral experimental method to empirically measure intergroup norms of behavior and the motivations that drive them, within a real-world active and extremely charged conflict, the Palestinian-Israeli conflict. Specifically, I implement a large-N study using trust and dictator games with West Bank Palestinians and Israeli Jews in order to test prevalent assumptions in the literature on intergroup norms of behavior in times of conflict. The study, which was implemented in the weeks following the Gaza war, a time of high conflict saliency, goes beyond most existing research on trust and fairness between groups by empirically testing actual behavior with monetary incentives, rather than mere attitudinal statements, during an active conflict, rather than peacetime. Overall, the results of the experiments show that, when rigorously tested, intergroup norms of cooperation, trust and fairness exist even in such an extreme case as the Palestinian-Israeli conflict. Second, I found that gender plays an important role in explaining intergroup interaction. Perhaps surprisingly, the results show that men, and specifically Israeli men, are more willing to put aside ideology and compromise with Palestinians in order to ensure self-gain. Moreover, the results show that both motivations of utility maximization, on the one hand, and psychological and emotional motivations associated with the group level dynamics, on the other, drive the interaction between Palestinians and Israelis; challenging the frequent opposition of the two approaches taken by much of the political science literature. Methodologically, the research demonstrates the ways in which behavioral experimental games can complement other methods to enhance the investigation of intergroup relations as well as help develop more substantiated and effective policies aimed at ameliorating and preventing intergroup conflict. Implications of the findings for theory, methodology and policy related to intergroup conflict and cooperation are discussed.

Thesis supervisor: Chappell Lawson
Title: Associate Professor of Political Science
This thesis is dedicated to my parents for continuously broadening my horizons and to my MEET students and the Palestinians and Israelis who, despite the dire reality around them, continue to work towards creating a more just and peaceful reality for our two societies.
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Chapter 1: Introduction

The Palestinian-Israeli conflict is one of the most intractable, deeply rooted, ethno-national conflicts in the world. In 2009 the conflict saw another escalation of violence, bloodshed and warfare when Israel launched a major military campaign in the Gaza Strip dubbed “Operation Cast Lead”, also known as the Gaza War. Israel’s officially stated goal for the operation was to reduce Hamas rocket fire from the Gaza Strip to the south of Israel and to weaken Hamas (Zanotti et al. 2009). The Gaza operation ended after three weeks, with thousands of Palestinians homeless, over a thousand Palestinians dead and thirteen Israeli deaths. In the aftermath of the operation public polls showed an increasing sense of threat and a general sense of pessimism regarding the two populations’ willingness to compromise with individuals from the other side.

The Gaza war and the ongoing Palestinian-Israeli conflict raise important questions regarding the type of norms of behavior we may expect to find between individuals entrenched in a violent intergroup conflict. A large literature has dealt with the role that norms such as trust, fairness and cooperation play in driving and shaping intergroup relations. Theories of intergroup relations in political science built on distinct and diverging underlying assumptions about the ways in which these type of individual level norms of behavior lead to both intergroup conflict and cooperation. While one strand of theories sees behavior as driven and shaped by rational individual incentives, such as profit maximization, others see group level identity concerns, such as status and grievances associated with intergroup dynamics, as the main drivers of intergroup interaction. However, despite the critical role of individual level norms of behavior for understanding the causes of intergroup conflict and the opportunities for its resolution,
the empirical investigation of these norms has been limited in several respects.

On the one hand, research in political science is missing a strong empirical demonstration and measurement of intergroup norms of behavior due to the focus of researchers on measuring aggregate macro level outcomes (such as outbreaks of war) as well as a broad reliance on observational methods that present problems of validity related to issues such as self selection, omitted variables, and biases associated with self report measures of attitudes and behavior. As a result, the theories often build on either untested assumptions about the individual behaviors that drive intergroup relations or potentially biased measures of attitudes and behavior that can lead to overestimation or underestimation of the potential for either conflict or cooperation.

On the other hand, scholars in the fields of social psychology and behavioral economics have provided robust and extensive findings regarding the underlying cognitive and psychological processes that drive and shape the dynamics of intergroup interaction, using experimental methods to overcome some of the main challenges associated with observational data methods. However, these studies have been limited in scope, rarely applied towards the investigation of real-world intergroup conflict. Rather these studies have based their findings on either “minimal group” experiments (groups created for the purpose of the experiment) (Tajfel 1970), which do not capture the complex reality of real-world intergroup relations, or on race relations in the United States, which do not reflect the same degree of hostile and violent intergroup relations as the conflicts in places like the Middle East. Thus, the extensive knowledge accrued by social psychologists on intergroup processes has not been largely applied to real-world
settings or effectively linked to policy and practice related to intergroup conflict and cooperation (Alexander and Levin 1998; Hewstone, Rubin, and Willis 2002).

This dissertation seeks to deepen our understanding of intergroup relations by synthesizing the approaches undertaken by these different fields, and employing a behavioral experimental method to empirically measure intergroup norms of behavior within a real-world active and extremely charged conflict, the Palestinian-Israeli conflict. Demonstrating and measuring the type of intergroup norms of behavior that exist within such a context is key not only for understanding the causes of interethnic hostilities but, importantly, for identifying the possibilities for motivating cooperation and overcoming conflict. Focusing on norms of trust, fairness and cooperation, I implement a large-N study using experimental games with Palestinians from the West Bank and Israeli Jews. By carrying out my research in the weeks following the Gaza war, a time of high conflict saliency, and by using the behavioral experiments to go beyond the participants’ ideological statements and empirically test their actual behavior, I was able to directly test the underlying assumptions made by the literature regarding individual norms of behavior and their effect on intergroup relations during a period of violent conflict.

Overall, the results of my experiments show that, when empirically and rigorously tested, intergroup norms of cooperation, trust and fairness exist even in such an extreme case as the Palestinian-Israeli conflict. Moreover, the results show that both motivations of utility maximization and psychological and emotional motivations associated with the group level dynamics of the conflict drive the interaction between Palestinians and Israelis. Methodologically, my research demonstrates the ways in which behavioral experimental games can supplement other methods employed by political scientists to
enhance the investigation of intergroup relations as well as help to develop more substantiated and effective policies aimed at ameliorating and preventing intergroup conflict. Therefore, findings from my experiments will provide us with a better understanding of intergroup interaction, help adjudicate between the different theories of intergroup relations, provide a better understanding of the connection between individual attitudes and behavior as well as a better understanding of the Palestinian-Israeli conflict itself.

This introduction will present the overarching political context that existed at the time of my fieldwork, the findings of this dissertation and serve as an overview for the chapters to follow. The next section will briefly discuss the relevant literature in political science, psychology and behavioral economics and the ways in which my research builds on the different approaches and moves beyond them. Subsequently, I will describe the experiments I designed and implemented in the West Bank and Israel following the Gaza War, followed by a short discussion of the Palestinian-Israeli context. Lastly, I will discuss the empirical results and some of the implications of my research and provide an outline for the rest of the dissertation.

The Intergroup Relations Literature - Assumptions about Norms of Behavior

Few topics have drawn as much interest from across the social sciences as the study of intergroup conflict and cooperation. The intense, protracted and often deadly conflicts between identity groups that have characterized the international system, motivated a large literature focused on understanding the causes of and the mechanisms to overcome intergroup hostilities. In political science scholars have attempted to gain a better understanding of intergroup conflict and cooperation by investigating the history,
sources, and nature of real-world conflicts with an emphasis on organizational, institutional and sociocultural level explanations. On the other hand, the extensive study of intergroup relations in social psychology, and more recently behavioral economics, has focused on the cognitive and psychological underpinnings of individual behavior and the interaction between interpersonal and intergroup dynamics. Investigating groups ranging from small work teams to large social categories such as ethnic groups, social psychologists have tried to better understand the ways in which people in groups perceive, think about, feel about, and act towards people in other groups (Hogg and Abrams 2001). Thus, the literatures in political science and social psychology provide us with distinct explanations at differing levels of analysis regarding the type of norms of behavior we may find between individuals engaged in an intergroup conflict and the effect these norms have on group level dynamics.

At the core of the differences between the political science approaches to intergroup conflict and cooperation lie divergent underlying assumptions regarding the nature of human beings and the motivations that drive individual behavior. One strand of political science research, based on psychological approaches, sees individual identity as tied to collective identity, shaped by the historical, social and political contexts hardened and made salient by intergroup conflict (e.g. Horowitz 1985; Kaufman 2006; Petersen 2002). Especially where there are power differentials between groups and a history of hostile relations, deep emotions and psychological needs (for example self-esteem) will powerfully influence individual behavior, superseding a rational cost/benefit analysis of tangible interests. As a result of these motivations, intergroup interactions will be characterized by hostility, prejudice, and violence. The attitudes of individuals embroiled
in an active ethnic conflict will not be easily amenable to compromise, trust or cooperation. In order to resolve the hostility the emotional foundations of group relations must be addressed. The psychological based approaches would predict that in the case of the Palestinian-Israeli conflict, Palestinians and Israelis will bring their daily experiences, shaped by group status and relationships, to bear on their individual interactions that will subsequently be characterized by an inherent lack of trust, fairness or cooperation.

The second strand of literature, based on rational choice (e.g. Hardin 1995; Lake and Rothchild 1998; Posen 1993), make assumptions about human behavior that greatly differ from the psychological based approaches. Rational choice theories begin with a basic understanding that the key drivers of individual behavior are the maximization of wealth, power, security and survival. Intergroup conflict in turn is the result of a rational pursuit of individual goals rather than inherent group emotions, prejudices or broad social processes and is explained independently of group level identities. Broadly speaking, the assumptions made by this literature would suggest that, when interacting with each other, Palestinians and Israelis will be willing to look beyond intergroup dynamics and emotions and cooperate if it could rationally be expected to increase their personal gain.

However, despite the fact that the different approaches in political science are based on key distinct underlying assumptions about individual norms of behavior and their effect on group level outcomes, very rarely have these micro-level mechanisms been empirically demonstrated or tested. The main reasons for this are two-fold. On the one hand, much of this literature focuses on measuring macro-level outcomes and variables, such as whether intergroup violence breaks out, which, while important, do not provide a rigorous test of individual norms of behavior. On the other hand, scholars that have
focused on testing individual level norms of behavior have largely relied on observational
data methods, which while providing rich and important data also raise several challenges
for isolating variables and providing decisive tests of causality, including biases
associated with self-report measures of attitudes and behavior, reverse causality, selection
and confounding variable biases.

To be sure, observational data methods, including the use of surveys and
interviews, are important tools in the study of attitude and behavior. These methods help
to unearth valuable knowledge about complex social and political contexts; they can
generate large and representative data sets that provide statistical power and external
validity regarding the application of their findings towards real-world outcomes. In
particular, the extensive use of large-scale representative surveys facilitates important
comparisons across groups, cultures and nationalities. The use of surveys and interviews
can also help researchers investigate and elucidate explicit opinions and preferences of
respondent. However, these methods also face certain challenges especially in the study
of socially sensitive areas such as intergroup relations. Beyond the well-known biases
connected with observational data methods, self-report measures of attitudes and
behavior generated through survey and interview methods have been shown to face issues
of validity especially in socially sensitive domains such as intergroup relations, where
subjects’ answers may be biased due to social pressures and cognitive processes (Crosby,
Bromley, and Saxe 1980; Dovidio, Kawakami, and Beach 2002; Fazio and Olson 2003;
Greenwald et al. 2009).

As opposed to political scientists, scholars from the fields of social psychology
and, increasingly, from behavioral economics, have focused on empirically
demonstrating and testing the underpinnings of individual behavior in the context of intergroup relations. Moreover, much of the research in this field is based on experimental methods, which, as will be discussed later on in this chapter, help to overcome many of the challenges associated with observational data methods. Hundreds of laboratory and field experiments in social psychology and behavioral economics have empirically tested the underlying process, motivations, norms of behavior and outcomes of intergroup interactions. One of the most well established findings of this expansive research is the phenomenon of ingroup bias - the fact that individuals value, favor and conform to their own membership groups (ingroups) over groups to which they don't belong (outgroups) (Brewer 1986; Brewer and Campbell 1976; Hammond and Axelrod 2006; Hewstone, Rubin, and Willis 2002). Experiments in psychology have demonstrated that even merely categorizing individuals into arbitrary but distinct social groupings is sufficient to elicit ingroup bias (Tajfel et al. 1971). Different approaches in these fields offer varying explanations for the motivations leading to group categorization and bias, however, there is a general agreement that in a situation of conflict over resources (whether symbolic or real) and group goals, we can predict that intergroup relations will be characterized by mistrust, antagonism and even violence (Brewer 1999; Cairns et al. 2006).

However, despite the more rigorous methodological approach undertaken by scholars in psychology and behavioral economics towards measuring individual level motivations and behavior, these studies have been limited in scope in two main ways. First, a majority of the experiments undertaken in these studies have been implemented with small, often artificial groups in the context of laboratory experiments ("minimal
group" created for the purpose of the experiment). Although, these experiments provide unrivaled advantages in isolating and determining causality they do not capture the complexity of real-world intergroup relations. Second, in cases where naturally occurring groups have been used, a majority of the studies have focused on race relations in the United States, which, while a more natural group setting, do not reflect the characteristics of hostile intergroup relations, such as the Palestinian-Israeli conflict. As a result, the vast majority of these studies have been based on groups with relatively weak forms of bias (Hewstone, Rubin, and Willis 2002) and very rarely within contexts of active intergroup conflicts. Thus, the extensive knowledge accrued by social psychologists on intergroup processes has not been largely applied to real-world settings or effectively linked to policy and practice related to intergroup relations (Alexander and Levin 1998). There is therefore a need to explore to what extent the findings from experimentally created groups translate to real-world groups with a history of hostility, conflict, inequalities of status and power and political struggles.

A Behavior-Experimental Approach to the Study of Intergroup Norms of Behavior

My research aims to enhance our investigation of intergroup cooperation and conflict by synthesizing between the methodological advantages provided by experimental methods with the macro level questions that are the focus of political science research, in our case real-world intergroup conflict. The research aims to highlight the contribution that behavioral experiments can make as complements to other methods in the study of intergroup relations. Behavioral experimental methods are an especially powerful tool for the investigation of intergroup norms of behavior as they help overcome some of the challenges of observational methods in two key ways. First,
the use of games, where participants' decisions are linked to costs and rewards, help to overcome the biases associated with self-report measures of attitudes and behavior by allowing us to observe actual behavior and monetarily incentivize participant’s actions so that, as their behavior becomes costly, their true preferences are more probably revealed. This is especially important in the study of intergroup norms of behavior, an area that has been shown to be especially challenging for eliciting true preferences and behavior through self-report measures due to its social sensitivity. Second, experiments provide us with unrivaled control of the research environment including the ability to randomly assign subjects to different experimental conditions. This in turn provides an opportunity to isolate and examine separately the effect of different variables - in my case the effect of ethnic identity on behavior in the games - while controlling for other confounding variables (Charness 2010; Ostrom 2006; Webster and Sell 2007). Specifically, in experiments the presumed cause is manipulated, making it clear that the cause preceded the effect, the covariation between the treatment and the outcome can be readily observed, and the treatment and control groups are treated identically in every way other than for treatment assignment, ruling out alternative interpretations when certain assumptions are met (Steiner, Wroblewski, and Cook 2009). Therefore, although they present several challenges such as ensuring external validity and allowing for the investigation of broadly scoped issues, behavioral experiments nonetheless allow us to investigate the underlying processes of intergroup interaction as opposed to just their outcome and provide for better measurements of preferences and other individual attributes in relation to hard to measure norms of behavior such as trust, cooperation and fairness.
Using a large-N study with Palestinians and Israelis shortly after the Gaza War, my research implemented experimental games to directly test the norms of behavior between individuals from groups engaged in an ongoing, salient and active ethnic conflict. The behavioral game experiments allowed me to observe in real time the choices Palestinians and Israelis make and, thus, the preferences they reveal when balancing between rational decision making focused on utility maximization and psychological and emotional driven needs associated with the group level dynamics of the conflict. Even without the tense circumstances of the war, it would have been very challenging to implement an experiment in which Israeli and Palestinian participants interact, due to the general suspicion, fear and other emotions associated with the conflict. The fact that I was able to undertake this study during such a tense time provided a unique opportunity to assess the interaction between these two nationalities. Moreover, few studies have brought forth behavioral evidence about the choices that Israelis and Palestinians will actually make when facing situations that test their willingness to cooperate, trust and be fair towards one another. Therefore, this study will also contribute empirical data towards a better understanding of this specific conflict.

Overview of Procedures

In order to assess to what extent levels of trust, fairness and cooperation exist between two groups entrenched in such an extreme conflict, I implemented an experimental design based on behavioral games with real monetary costs and rewards, which were played in an online environment. The games were played with participants from seven universities in Israel and the West Bank. Each participant played two
different types of behavioral games, allowing for both a between and a within subject design.

The games players played - the trust and dictator game – have been widely used to test norms of behavior in different contexts. The trust game tests norms of trust and cooperation through a strategic interaction between two players, while, the dictator game, is used to measure “other regarding preferences” such as fairness and altruism. These games are especially suited for my research as they help to isolate and test in a simple and clear way trust, fairness and cooperation, which are seen as key drivers of intergroup conflict and cooperation. Moreover, coupling the games together in a within subject design¹ allowed me to further disentangle and understand the underlying motivations which were driving players’ behaviors in the games. Using two games with different game-theoretic settings I was able to isolate and test competing assumptions about motivations for behavior and thus better understand the underlying processes of the intergroup interaction as opposed to just its outcome.

In my games, players were randomly assigned to one of three experimental conditions in which the identity of each player’s partner was manipulated so that players played either with an anonymous partner, a partner from their own nationality, or a partner from the other nationality. This allowed me to assess the effect that the ethnic identity of the partner, the independent variable, has on the levels of trust, fairness and cooperation exhibited by the players, the dependent variables. I was therefore able to test how specific variables associated with Palestinian and Israeli identity and the underlying

¹ In the within subject design, the same player played two games against the same partner, allowing me to compare the player’s own behavior across the two games.
processes that motivate individual behavior influence intergroup interaction, while “randomizing away”, and effectively controlling for, all potential confounding variables.

In applying a behavioral experimental approach towards the study of intergroup relations, my research joins a growing body of work in political science that applies experimental methods to the study of the effects of ethnic identity on norms of behavior (e.g. Habyarimana et al. 2009; Whitt and Wilson 2007). However, I also move beyond this, and contribute to the existing literature by implementing large-N behavioral experiments with two real world groups involved in a highly active, salient and violent conflict. In addition, I also integrate survey questions into each experiment in order to test the correlation between attitudinal measures of norms of trust and actual behavior (measured through the games). By combining an experimental environment in which individuals faced real strategic decisions and questionnaires that include standard survey questions on trust and group biases, I am able to assess the relationship between people’s attitudes—what they say—and what they actually do when their behavior has tangible personal costs and benefits. Therefore, my research will not only provide empirical data on a sample of Palestinians and Israelis – the levels of trust, fairness and cooperation in each community and their interaction with each other – but also exemplify the ways in which experimental methods can be used to empirically measure norms of behavior.

Case Selection - The Palestinian-Israeli Conflict

My research focuses on one of the most intractable conflicts in the world the Palestinian-Israeli conflict. The fieldwork took place following the Gaza War, an exceptionally charged time for both Palestinians and Israelis. The war, which began at the end of December 2008 and lasted for three weeks, resulted in thousands of Palestinians
homeless and over a thousand Palestinian and thirteen Israeli deaths. The fighting brought new extreme levels of violence and hostility to a long-standing conflict that has already seen its share of bloodshed. The months after the war, when my experiments were conducted, were characterized by a deep sense of threat, hostility and pessimism between the two sides. Taken together, the intractable nature of this longstanding conflict and its extreme manifestation during the time of my fieldwork, make the Palestinian-Israeli case an especially well suited setting for the empirical study of intergroup norms of behavior.

As will be discussed, the long-standing Palestinian-Israeli conflict is a particularly intractable, deeply rooted, ethno-national conflict. For decades, Palestinians and Jewish Israelis have clashed recurrently over real and symbolic resources, including land, economic resources, right to self-determination, security, as well as religious and cultural goals (Bar-Tal, Halperin and Oren 2010). While the conflict seemed to become more tractable in the 1990s with the Oslo agreements, a re-escalation took place with the failure of the 2000 Camp David summit, the eruption of the second Intifada and the intensification in the levels and forms of violence between the two sides. This deterioration of relations further climaxed with the events leading up to the Gaza war and the extremity of the Israeli operation in Gaza itself.

The deeply rooted, ongoing and violent nature of the Palestinian-Israeli conflict, with clear ingroup/outgroup divisions, real and symbolic threat and longstanding competition over real resources, make it an extreme case in which to assess the underlying assumptions about individual norms of behavior made by the theories of

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2 The exact number of Palestinian deaths (especially of civilians) is in contention between the sides.
intergroup relations. Moreover, the fact that my research was implemented following the Gaza War, made the conflict only more salient and present in the lives of Palestinians and Israelis. Therefore, if the underlying assumptions about the norms of intergroup behavior made by the literature hold for real-world groups anywhere, we would expect them to manifest here. In this sense, the case provides a “hard test” for rational choice approaches. If in my games, which require tradeoffs between financial gains and intergroup bias and hostility, we find significant intergroup cooperation it provides strong evidence in favor of rational-choice approaches. On the other hand, group-driven animosity in this extreme case would provide evidence that the psychology based theories in political science and minimal-group paradigms of social psychology hold true among real-world rival groups.

Empirical Findings

Overall, my results show that when we empirically test the underlying assumptions made by the literature regarding individual norms of behavior, a more complex and nuanced picture emerges than what any single theory in political science or social psychology presents.

First, broadly speaking, my results provide a counter to the general assumption made by a broad literature in political science and social psychology that members of groups in extreme rivalry will apply different norms of behavior to members of their own group than to members of the outgroup and that, therefore, we should find low levels of trust, fairness and cooperation across groups in conflict. The results of the experiments show that, when tested rigorously, cooperation, trust and fairness exist even in such an extreme case as the Palestinian-Israeli conflict. Despite the hostile environment following
the Gaza War, Palestinian and Israeli players in my experiments overall exhibited trust, fairness and cooperation towards each other. The fact that individuals who are involved in and affected by such a longstanding violent conflict are able to treat each other with trust and fairness is in itself an optimistic finding regarding the opportunities which may exist for transcending the conflict and reconciliation and not to mention the baseline nature of human beings as well.

Second, the use of behavioral games allowed me to further break down the results and uncover the motivations at the basis of group-level outcomes. I found that gender plays an important role in explaining intergroup interaction. Surprisingly, the results hint that it is actually men, and specifically Israeli men, who will be more willing to put aside ideology and negotiate and compromise with Palestinians in order to exploit opportunities for gain. In my experiments, women from both nationalities demonstrated a tendency for either ingroup bias - showing higher levels of trust, fairness and cooperation towards ingroup partners in comparison with outgroup partners - or treating ingroup and outgroup partners the same. Israeli and Palestinian men, on the other hand, do not show a consistent tendency for ingroup bias and are also each driven by divergent motivations. Palestinian men show a tendency for outgroup favoritism, transferring more money to Israeli partners than Palestinian partners in both the Trust and Dictator games. Based on findings from the System Justification literature (Jost 2001) as well as psychological approaches to ethnic conflict in political science (Horowitz 1985, Petersen 2002), one possible explanation for the behavior of both Israeli and Palestinian men is that it is a reflection of the power dynamics and status relations between Palestinians and Israelis. On the part of Palestinian men this can be seen as an attempt to signal both to themselves
and to their Israeli partners a positive self-image. Israeli men, on the other hand, show a willingness to cooperate with Palestinians when their gains depend on their partner’s behavior in the game, but ingroup favoritism when their gains or losses do not depend on their partner’s reciprocity, behavior which may be a reflection of their sense of power and hierarchical position.

Therefore, in an intense conflict such as the Palestinian-Israeli conflict, I observed behaviors that conform to assumptions made by both the rational choice and psychological based theories of intergroup relations, depending on the specific conditions of the situation. The results show that both motivations of utility maximization and psychological and emotional motivations associated with the group level dynamics of the conflict drive the interaction between Palestinians and Israelis. As will be discussed in the next section, this pattern has important implications for our understanding of the role of identity in driving and shaping intergroup norms of behavior in real-world political settings.

In addition, this study also highlights the gap between self-reported attitudes and actual behavior. Since survey questions are extensively used in the study of intergroup relations, the Palestinian-Israeli conflict is no exception, understanding the extent to which they can predict actual behavior is of great importance. My results showed little correlation between behavior in the trust game and responses to the survey questions integrated at the end of the experiments that were aimed at measuring trust. These findings contribute to a growing body of work that finds weak correlation between answers to survey questions on trust and actual behavior in experimental games. The results also highlight the need for further research to identify the main contextual factors
that moderate this correlation.

Nonetheless, the low correlation between survey questions on trust and actual behavior in our games draw attention to the challenges that self report measures of attitudes and behavior present for the study of the norms of behavior in socially sensitive cases such as intergroup conflict. It also emphasizes the importance of integrating empirical behavioral measures to the study of intergroup conflict and cooperation as these methods can overcome some of the biases associated with observational data and supplement and strengthen the overall findings. Therefore, combining survey and experimental games together provides a powerful methodological approach whereby researchers can overcome important limits of both type of methods as well as cross-validate survey data and experimental behavioral data, gaining richer and more validly strong understandings of the drivers of intergroup conflict and cooperation.

**Implications of the Findings**

The current research contributes to the study of intergroup relations by providing unique insight into the norms of behavior of two groups engaged in a real-world conflict. The results present several implications for theory, methodology as well as policy related to intergroup conflict and cooperation.

First, my results contribute to our understanding of the role of identity in driving and shaping intergroup norms of behavior in real-world political settings. Rather than contrasting theories of psychological motivations and rational-choice approaches, as is often done in the literature in political science (e.g. Fearon and Laitin 2000), the findings emphasize that we should identify the specific conditions under which different motivations will constrain behavior. In many interactions, and among some demographic
subsets of the population, individual-level incentives of profit maximization will likely trump motivations stemming from group-level grievances. In other situations and among other demographic subsets, however, group level dynamics will override individual profit, in contradiction to the assumptions of Homo economicus and in line with the findings from some of the approaches in social psychology and political science.

That the effects of identity depend on the situation and the characteristics of the subject is neither shocking nor counter-intuitive, yet, surprisingly, it runs contrary to strong trends in political science literature. If we seek to understand the effects of group identity on conflict, we must take seriously both group level dynamics, which loom large in the psyche of many people - so much so that they will forgo individual gain in order to favor their own group or hurt the outgroup - and utility-maximization, which may trump group prejudice even in the context of the most salient, and violent conflicts. Debates on whether one approach or the other is correct, miss the nuance of real politics and will likely lead us astray in our efforts to ameliorate conflict. Therefore, the results of this study offer insight into the possibilities for conflict management and conflict resolution. When mutual gain is possible (as in trade) and the right incentive structures are in place and made tangible, some members of society can overcome group biases in favor of individual interests, holding promise for our ability to ameliorate and even overcome group-level conflict.

Furthermore, my research also raises several specific recommendations in relation to the Palestinian-Israeli conflict. First, beyond adding to the cross-national data on the behavior of Israelis and Palestinians, the results of my study, whereby especially Israeli men show a willingness to cooperate when their personal gains and losses are concrete
and dependent on their partner's reciprocity, highlight the importance of framing compromises in relation to the Palestinian-Israeli conflict in a way which emphasizes the individual gains which can be achieved in a clear and tangible way. The fact that Israeli men approach their interaction with outgroup members with a strategic perspective, provides some encouragement regarding the opportunity which may exist to transcend the more psychological and emotional aspects of the conflict when attempting to reach a future agreement between the sides. Moreover, that Israeli men play a central role in the Palestinian-Israeli conflict—they fill roles of the main negotiators, most of the key political leaders are men, as are generals who lead the army and the men who fight on the frontlines—raises questions for future research regarding whether the same strategic approach also characterizes Israeli male leaders.

On a methodological level, the current study joins a growing group of researchers who have implemented experimental games between real-world groups and an even smaller group of researchers who have done so in a context of a salient and active conflict, and provides empirical data on the extent and the ways in which norms such as trust, fairness and cooperation play out in times of conflict. My study stresses the potential and the importance of synthesizing between the approaches undertaken by psychology, behavioral economics and political science for enhancing our study of intergroup conflict and cooperation. My research shows the ways in which behavioral experiments allow us to attain empirical evidence about the choices that individuals, in our case Israelis and Palestinians, will actually make when facing situations which test their willingness to cooperate, trust and be fair towards others. As the results show, by testing actual behavior and not only relying on self reported measures of attitudes and
behavior and observational data, we can establish more empirically strong predictions of individual norms of behavior which can then help ground and develop the broader theories about intergroup conflict and cooperation. However, it is important to emphasize that experimental and observational methods are complements and not substitutes. Integrating these methods together can significantly improve our ability to investigate norms of behavior. The simplified and narrow approach of experimental methods enhances our ability to test the interaction of relevant variables and ascertain causality and causal relationships, while observational methods such as surveys help to inform what we observe behaviorally and expand the scope of the research. As will be further discussed in the concluding chapter there is much room for future research to simultaneously apply multiple methods in order to broaden and deepen our understandings of intergroup relations.

Lastly, an additional implication of my findings is a recommendation not to only rely on polls and surveys when assessing people’s attitudes and willingness to cooperate and compromise. Most of the analysis of the Palestinian-Israeli conflict, as well as the information that drives the decisions of politicians and leaders on both sides, is based on the results of public polls and surveys (Shamir and Shikaki 2010). As extensive studies, including the results of my research, have shown, self-report measures of attitude and behavior may not always correlate with actual behavior, especially when it comes to sensitive areas such as intergroup relations. Thus, in assessing people’s attitudes towards each other and towards compromises, it is important to depend not only on attitudinal statements but also test actual behavior. This in turn can help expose opportunities for cooperation that may have otherwise been overlooked or misunderstood. I believe there is
much to gain from integrating behavioral experiments with public polls and surveys as a means of assessing attitudes and norms of behavior in a conflict like the Palestinian-Israeli conflict. Doing so may provide surprising and important insights into the actual willingness of people to trust, cooperate and be fair to individuals from another nationality and, importantly, the conditions under which we may motivate cooperation and reconciliation.

Conclusion and Outline of the Dissertation

In summary, the chapters of this dissertation will detail the results and analysis of a unique empirical study of intergroup conflict and cooperation undertaken during one of the most intense and violent moments in the Palestinian-Israeli conflict’s history. I hope that the insights it provides into the Palestinian-Israeli conflict, as well as the study of intergroup relations in general, will not only enhance our current understandings of these issues but also motivate future behavioral research of intergroup conflict in order to better understand what motivates and sustains intergroup hostilities, and, importantly, the opportunities which may exist for cooperation and conflict resolution. Hopefully, such academic endeavors will help develop policies that can better motivate more peaceful intergroup relations in the Middle East and beyond.

Following this conclusion, Chapter 2, will discuss the different approaches in political science to intergroup relations, with an emphasis on the underlying assumptions these approaches make regarding individual level norms of behavior and the effect they have on intergroup interactions. Hypothesis will also be drawn out based on these assumptions, regarding the types of norms of behavior we may expect to find between Palestinians and Israelis in my experiments. Chapter 3 will provide a brief overview of
the main approaches to intergroup relations in social psychology, the main empirical findings of this extensive literature and the assumptions made by the literature regarding the cases in which ingroup bias may translate into outgroup hostility. Chapter 4 will then discuss the strengths and advantages of using behavioral experimental methods in comparison to observational methods for the study of intergroup relations. They emphasis will however be placed on the fact that these methods should be seen as complementary and integrated together. The next four chapters will delve into my specific case of study. Chapter 5 will provide a high level overview of the Palestinian Israeli conflict, emphasizing the way in which it presents a hard but appropriate and strong case for the assessment of intergroup norms of behavior. Chapter 6, 7 and 8 will discuss the procedures of my experiments as well as the empirical results of the anonymity experiment and the nationality experiment, respectively. Chapter 9 will discuss the results, their implication, and conclude by providing some directions for future research.
Chapter 2: The Intergroup Relations Literature in Political Science –

Underlying Assumptions about Norms of Behavior

The political science literature on the causes and resolution of intergroup conflict, which centers to a large extent on cases of ethnic conflict, features divergent understandings of what drives intergroup hostilities, and what are the subsequent possibilities for developing cooperation and transcending conflict. While these literatures mostly focus on group level dynamics, at their basis are underlying assumptions – rarely tested - about the characteristics and motivations of individual level behavior and their effect on group level interactions. In the present study I draw observable implications from this literature and apply novel experimental methods to test them in a highly salient case of violent intergroup conflict, the Israeli-Palestinian conflict.

The literature on intergroup conflict in political science, which I will refer to as the ethnic conflict literature, can broadly be categorized into two groups. One strand of theory, based on the psychological approaches, attributes ethnic conflict to the effects of group identity and intangible concerns such as status and emotional drivers. These approaches link conflict to the cultural and historical inheritances and power relations within which individuals and groups are embedded. In these cases individual action is driven not by materialistic interests but by group level dynamics and their psychological and emotional effects. Moreover, according to these theories ongoing conflict further hardens identities and emotions, making cooperation between individuals from rival groups of a conflict even harder to achieve (Horowitz 1985; Kaufman 2006a; Petersen 2002).

The second strand of literature includes theories that originate in rational choice
approaches (Bates 1983; Fearon and Laitin 1996; Hardin 1995; Lake and Rothchild 1998; Posen 1993). These theories have drawn in particular from the realist tradition in international relations, from game theory, and from the general rational choice approaches to human behavior. At the basis of these approaches is an understanding of the individuals as rational utility maximizers. Ethnic conflict, in turn, is a result of rational action that takes place within a context of strategic dilemmas, which shape and determine the choices of individuals and groups. Thus, ethnic conflict is often driven by the need to ensure security, material gain and power. Ethnic identity is seen as fluid and instrumental, frequently manipulated by elites for the purpose of achieving these goals.

For rational choice based theories, lack of cooperation and conflict is not an outcome of inherent intergroup animosities but rather a result of a general lack of trust and insecurity exacerbated by institutional, economic and political conditions. These assumptions lead to a view of conflict management, whereby, while it may be very challenging to implement, if the right institutional conditions are in place we may find more mutual understanding and cooperation, both prior to and in the aftermath of the conflict as well as in helping its prevention. Thus, in their purest form these theories lead to an expectation that individual behavior will be driven first and foremost by utility maximization. In their more developed form, the theories stress the implications of macro level conditions in determining to what extent human interaction will be defined by cooperation.

Despite making stated or implied assumptions about individual human behavior, existing ethnic conflict literature emphasizes group level dynamics and macro level conditions and often lacks systematic attempts to measure and demonstrate individual
level relationships between attitudes, preferences and action (Green and Seher 2003).

Using a large N experimental method, the current study, on the other hand, will directly test the underlying assumptions about individual behavior embedded in these theories. Specifically, the experiments will test and expand some of the foundational assumptions by isolating and observing in real time the choices individuals make and thus the preferences they reveal when required to balance between rational decision making focused on utility maximization and psychological factors associated with the group level dynamics of the conflict.

The two games used in our experiments – the trust and dictator game⁴ - reveal players’ preferences when balancing between norms of trust, cooperation, fairness, profit maximization, prejudices and emotions associated with the conflict and assess whether individuals apply the same behavioral norms to ingroup and outgroup members. While, each game on its own tests important aspects of individual behavior, it is when they are coupled together that we get a deeper and fuller understanding of the underlying drivers of behavior. The trust game focuses on strategic choices players make in a situation of interaction. The game will test whether a systematic and inherent “mistrust” exists between Israelis and Palestinians, by presenting a tradeoff between financial gains and intergroup bias and hostility - higher payoffs can only be achieved via intergroup trust and cooperation. Results of ingroup bias, whereby players are more willing to cooperate

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⁴ As will be described later on, in the trust game, Player A is given money and needs to decide how much of the money they want to transfer to their partner, Player B. Any amount of money they decide to transfer is automatically tripled and then transferred to Player B, who can in turn decide to keep all the money they were given by Player A or transfer some of it back. At the end of the game, Player A’s gains will be all the money they received (from the endowment and Player B) minus what they transferred to Player B. In the dictator game, Player A also receives an amount of money and needs to decide how much of it they want to transfer to Player B. However, in this game Player B does not pass any money back and the amount of money Player A makes is the total they received minus the amount they decided to transfer to Player B.
with ingroup versus outgroup partners, will reflect intergroup mistrust and/or animosity and prejudice. The game thus uniquely juxtaposes and tests the alternative assumptions about intergroup behavior made by the rational choice and psychological theories of ethnic conflict. In the dictator game, on the other hand, there is no interaction between the players, and because the partner is passive, there is no strategic element involved. The money a player transfers to their partner in the dictator game is subtracted from the player’s own gains (their partner does not return any of the money). The money that is transferred reflects fairness and altruism. Thus, any observed differences in the rate of giving to ingroup partners compared with outgroup partners reflect the effect that group identity has on norms of fairness and altruism. Behavior in the dictator game will also further elucidate the results of the trust game, highlighting whether they are driven by intergroup discrimination or strategic calculations.

The current study offers an examination of individual level mechanisms of behavior in the midst of an active, salient and violent conflict, providing a key addition to the existing literature. The following sections will provide a broad overview of the different approaches the ethnic conflict literature in political science has taken towards understanding the causes and mechanisms of ethnic conflict and draw observable implications for empirical testing. While a review of the entirety of the ethnic conflict literature is well beyond the scope of the current chapter, a short examination of the most relevant theories will provide important context for my research. This chapter will not attempt to critique these theories, but rather try to identify and draw out the implicit and explicit assumptions they make about norms of individual behavior in an ethnically
charged environment. Empirically testing these assumptions through my experiments will help in adjudicating among the theories that rely upon them.

In the following sections, I will first provide definitions for some of the key terms used in this chapter. Subsequently, I will review some of the main theories under the rational choice and psychological based theories, focusing on the underlying assumptions they make about individual behavior in a multi-ethnic, conflict-ridden environment. Based on these assumptions, I will then draw out several hypotheses regarding the individual behavior of Palestinians and Israelis.

**Definitions**

The Palestinian-Israeli conflict has been described as an existential, violent conflict between two ethnic groups, each of which claims the same territory for its national homeland and political state (Kelman 2007b; Klein 2010). The conflict carries all the typical characteristics of an ethnic conflict whereby violence is perpetrated across ethnic lines, one party at least is not a state (in this case the Palestinian side, organized into the Palestinian Authority, has yet to become an independent recognized state) and where the ethnic issue is understood by all sides (perpetrators, targets, influential third parties, or analysts) as being integral rather than incidental to the violence (Brubaker and Laitin 1998; Fearon and Laitin 2000). The conflict is seen as a constant-sum conflict by the sides with respect to national identity and each group’s existence. Menachem Klein (2010) suggests that while the Palestinian-Israeli conflict was always an ethnic one, in the years following the Oslo agreement the two sides tried to turn it into a “simpler” border conflict. However, according to Klein, especially since 2000 (when the second Intifada broke out), the size and intensity of Israel’s operations, the unprecedented scale of
settlement construction and the ongoing occupation of Palestinian lands by Israel have led to a qualitative change in the relationships between Israelis and Palestinians from a border conflict to an ethnic struggle.

Today most social science definitions of ethnicity agree that descent is important in defining ethnicity but differ over how to specify the rule of descent and which additional features characterize ethnic identity (Chandra and Wilkinson 2008; Fearon 2003; Fearon 2008). Most definitions of an ethnic group will typically include groups which share a common language, religion, customs, sense of homeland and dense social networks, but any or all of these may be missing and the group would still be defined as an ethnic group if the descent rule for membership is satisfied (Chandra and Wilkinson 2008; Fearon 2008). It is interesting to note that in the Palestinian-Israeli case beyond the actual descent based rule of belonging to each of the groups, the two sides also make consistent assertions of primordiality based claims to land, religion and culture stretching back to biblical and pre-biblical times (Binder 1999).

In defining ethnic conflict, some of the literature differentiates between ethnic conflict and ethnic violence. According to Varshney (2001) this differentiation is important because ethnic conflict will not always lead to ethnic violence. For Varshney when ethnic protest takes an institutionalized form - in parliaments, in assemblies, in bureaucratic corridors, and as nonviolent mobilization on the streets - it is ethnic conflict. Ethnic violence will be in cases where protest takes violent forms, rioting breaks out on the streets, and civil war ensues or pogroms are initiated against ethnic groups. In the current study the use of the term ethnic conflict when relating to Israelis and Palestinians will refer, however, to a violent ethnic conflict.
Theories of the causes of ethnic conflict

The main bodies of literature dealing with violent ethnic conflict provide diverging positions on what are the main drivers of ethnic conflict and use different levels of analysis in their assessment of the causes and resolution of conflict, varying from the macro-level to the group-level and more rarely to the individual level. Nonetheless, at the core, the differences between the approaches arise out of the underlying assumptions made in each regarding the nature of human beings, what drives individual behavior, and whether the intrinsic character of human interaction is cooperation or conflict. Broadly speaking, the vast literature on the causes of ethnic conflict can be divided into two main types - psychological based and rational choice based approaches.

Psychological Based Theories

The psychological based approaches (Horowitz 1985; Kaufman 2006a; Petersen 2002) present us with several overarching assumptions about what motivates human behavior. First, these approaches understand group level dynamics to be key in shaping individual perceptions and behavior. Individual identity is often defined by the group to which the individual belongs and group relations are often dependent on cultural and historical developments and power relations (Varshney 2003). In turn, identity and the historical, cultural, and political environment in which it is embedded, play a key role in explaining individual behavior. Second and interrelated, the psychological approaches highlight the importance of intangible concerns such as status and emotional motives in driving conflict. Scholars building on these approaches often critique the rational choice approaches for not emphasizing enough these issues, claiming that by focusing instead on tangible interests and the breakdown of institutions, the rational choice based theories
overlook key causes of ethnic conflicts and therefore also miss fundamental obstacles to their resolutions (Kaufman 2006a). Varshney (2003) stresses that by not focusing on the cultural and historical inheritances and power relations the rational choice accounts miss the core of what motivates ethnic behavior.

Moreover, and importantly for the current research, the psychological based approaches draw attention to the cycle between conflict and identity, whereby ongoing conflict hardens identities and emotions, making cooperation between individuals from rival groups of a conflict even harder to achieve (Horowitz 1985; Kaufman 2006a; Petersen 2002). Thus, broadly speaking, these theories predict tension and conflict as ingrained in intergroup interaction, especially in cases where a history of strained relations has existed. Once violent conflict has occurred, it will be very difficult for institutions and incentives, such as material payoffs, to overcome the psychological underpinnings of interethnic tensions.

A classic example of the psychological based views of ethnic conflict, often popular with journalists and policymakers, is the ancient hatreds argument. While few scholars today adopt this view, the concept of ancient hatreds as the cause of ethnic conflicts was once popular in explaining the intractability of ethnic conflict. The argument explains violent conflict as stemming from long standing historical hostilities among ethnic groups. Although this theory has been criticized for its primordialistic approach and as unable to explain the fact that hatreds and conflict are often actually very new and modern, it nonetheless highlights the need to take into account antecedent hostility as part of the explanatory variables for conflict (Horowitz 1999; Petersen 2002; Toft 2003). As Petersen (2002, 26) states in this regard, “The key question is whether the
history of interethnic relations has created roles and identities that individuals take on
during periods when constraints have been lifted”.

One of the foundational and widely influential accounts of the psychological based
theories is Horowitz’s seminal work on ethnic conflict (Horowitz 1985). Horowitz’s
approach is grounded in what he calls a positional psychology approach. According to
Horowitz the sources of ethnic conflict “cannot be understood without a psychology, an
explanation that takes account of the emotional concomitants of group traits and
interactions…Without feelings of antipathy, there can be no ethnic conflict” (Horowitz
1985, 182). At the basis of his theory is the assumption that group level dynamics shape
individual behavior and that groups, and individuals, are motivated by a desire for
favorable collective evaluation achieved through competition and comparison with other
groups. This produces intergroup rivalry quite apart from whether there is any rivalry for
material rewards. Conflict then is caused not by economic interests or lack of institutions
but by an inherent contest for status and by fears of extinction.

Horowitz bases his theory on a psychology of human behavior according to which a
deep sociality and search for positive self-esteem and positive worth leads individuals to
join groups, which help satisfy these needs. Laboratory experiments have shown that the
impulse to form groups is so strong that it can happen with minimal differentiators, even
without any sense of birth connection, common history, or other prior similarity.4 Once
groups have formed, group loyalty quickly takes hold and group members will search to
achieve positive comparative worth, legitimacy and status through comparison and
competition with other groups. This is often achieved by showing favoritism towards

4 For some of the original experiments see (Tajfel 1974; Turner 1975; Billig and Tajfel 1973).
ingroup members and discrimination against outgroup members. Groups will tend to feel that the other group’s gain is automatically their own loss and vice versa. Moreover, experiments have shown that individuals will allocate rewards so as to favor the ingroup and disfavor the outgroup even when they pay a cost for creating the intergroup difference (Tajfel 1974). The willingness of group members to sacrifice economic gain for comparative advantage casts doubt, according to Horowitz, on materialistic theories of ethnic conflict. Horowitz claims that these tendencies will be even stronger in the case of ethnic groups, which engender more loyalty from their members than other group types due to a strong sense of similarity (originating in the rule of decent which characterizes these groups as well as early socialization).

Horowitz also sees a strong relationship between self-esteem, anxiety, and prejudice. Groups experience anxiety as a result of their status in relation to other groups and the impact this status has on their self-esteem and sense of worth. As a result, in situations where groups fear for their status and feel their worth and sense of identity is being threatened, there is a discharge of hostility, prejudice and aggression towards the outgroup (usually perceived as the source of the threat) as a means to retrieve their sense of self worth.

Hence, while on the one hand Horowitz sees fluidity in people’s identity and the potential for cross ethnic moderation through electoral institution engineering (Horowitz 1985), his theory leaves us with a relatively pessimistic prediction regarding the potential to find cooperation between groups and individuals involved in an existing salient and violent conflict. For Horowitz, the psychological sources of conflict do not readily lend themselves to modification, especially not by the manipulation of material benefits, and
ethnic politics conspire to make the problem of conflict intractable (Horowitz 1985).

Building on Horowitz’s approach, Petersen (2002) presents a variant of the psychological based theories, which focuses on the role of emotions in mobilizing ethnic violence. Like Horowitz, Petersen highlights the fact that individual behavior is shaped by group dynamics. Assessing the interaction between individual and macro-structural level mechanisms, Petersen shows that ethnic violence can be motivated by a number of emotional responses to macro-structural changes such as war, occupation, economic modernization. These emotions include fear of domination, hatred of another group based on past grievances, or resentment from differences between group statuses. Emotions in this case can act to change preferences and priorities away from tangible interests such as economic gains toward the satisfaction of emotional needs. While institutional failures are important in providing the opportunity for ethnic violence, the motivation and target are determined by emotions, most often the emotion of resentment. Petersen finds that resentment is one of the strongest predictors of ethnic violence. The feeling of being politically dominated by a group that is seen as unjustly holding a superior position and the everyday experiences of these perceived status relations breed resentment which in turn leads to violence as a way of acting out the desire for change.

Thus, at their essence, and despite variance in their approaches, the psychological theories see individual identity as tied to collective identity, shaped by the historical, social and political contexts and hardened and made salient by conflict. Deep emotions and psychological needs lie at the core of ethnic conflict. These in turn lead to and determine individual behavior, usually characterized by hostility, prejudice, and violence, and supersede a rational cost benefit analysis over tangible interests. Hence, the attitudes
of individuals embroiled in an active ethnic conflict will not be easily amenable to compromise, trust or cooperation. In order to resolve the hostility the emotional foundations of group relations must be addressed.

**Rational Choice Based Theories**

The second strand of ethnic conflict literatures in political science – the rational choice based approaches - present overarching assumptions about human behavior that greatly differ from the psychological based approaches. Rational choice theories (Bates 1983; Fearon and Laitin 1996; Hardin 1995; Lake and Rothchild 1998; Posen 1993) begin with basic assumptions about individuals, which see maximization of wealth and power, security and survival as key drivers of individual behavior. Individuals chose to associate with an ethnic group because they will somehow benefit from doing so and it will help them in achieving these goals. Ethnic conflict in turn is the result of a rational pursuit of goals rather than an outcome of emotions, irrationality or broad social processes (Kaufman 2006b) and is explained independently of the collective identities of contending groups (Giuliano 2000). In most of the rational choice theories, conflict arises when institutions fail to provide the necessary conditions to assure individuals’ material and security needs as well as social order. Conditions of uncertainty about the relative power of groups, their intentions, and lack of ability of groups to credibly commit lead to misperceptions, an exacerbated sense of threat and eventually conflict. Thus, to a certain extent, the underlying assumption in the rational choice approaches is that there is nothing inherent in ethnic identity itself that leads to conflict, In other words, self interest and opportunism may characterize individual interaction in general, but it is true within and across ethnic groups and not specifically characteristic of interethnic interaction.
Thus, theoretically, while very difficult to implement, if the right institutions could be put in place, that would overcome the strategic dilemmas faced by individuals and groups, more cooperative human relations in general as well as interethnic relations specifically could be achieved.

Two examples of the rational choice approaches – Fearon’s (1994) commitment problem and Posen’s (1993) security dilemma - serve well in highlighting this last point. According to Fearon, ethnic conflict results from a commitment problem, whereby under a new regime controlled by one ethnic group, a minority group fears that it cannot trust the majority’s guarantees that it will not abuse its power to the disadvantage of the minority. Violence becomes a preventive measure on the part of the minority that would rather use pre-emptive force than chance a weakening of its position. For our purposes, the important point is that there is an underlying assumption about group intensions – groups would prefer to live together on mutually advantageous terms, if only they could ensure their commitments about those terms through, for example, a third party enforcer or other institutional mechanisms.

This understanding of intergroup and individual intensions also characterizes the security dilemma based approach to ethnic conflict (Posen 1993). Ethnic conflict in this case is produced by the insecurity that emerges when an actor is unsure of the intentions of another actor. According to this approach, at times of anarchy due to state collapse or regime change, groups become fearful for their security. Even nonaggressive moves to enhance one’s security are perceived as threatening by others and trigger countermoves that ultimately reduce the group’s own security and lead to an environment of heightened threat and eventually violence (Brubaker and Laitin 1998). Since groups are unable to be
certain of each other's intentions, especially in cases where there is a history of violence, they will judge each other's actions through the lens of past behaviors, which, gives them all the more reason to assume the worst about each other.

Thus, the commitment problem and security dilemma approaches present us with two important underlying assumptions. First, that identity itself does not play a leading role in driving conflict. Second, that conflict can be mitigated if the underlying problems are appropriately dealt with through capable institutions. Without the appropriate institutional support, lack of trust and insufficient or inaccurate information leads to misperceptions, an exacerbated sense of threat and eventually conflict.

Other theories within the rational choice approaches provide a more direct statement regarding the baseline characteristics of human interaction. According to Fearon and Laitin (1996), human interaction is characterized by an ingrained potential for opportunism and self-interested behavior, which has socially harmful consequences. If "unchecked by formal and informal institutions, the expectations of such opportunism leads individuals to avoid interactions or to take costly actions to protect themselves ..." (Fearon and Laitin 1996, 718). The core of the problem of social order in this case is informational – the ability to identify people who have cheated and exploited so they can be punished for their transgressions. Groups are formed for a functional reason - in order to overcome this problem by leveraging dense intra-group informational networks, characteristic of groups, to police opportunistic behavior. Ethnic conflict occurs when transgressions fall between the cracks and go unpunished. Thus, according to Fearon and Laitin, as long as there are informal and formal institutions that check this inherent opportunistic behavior and provide the sides with the confidence that transgressions will
be punished cooperation will be the dominant characteristic of interethnic relations. In addition, a second mechanism that limits violence between groups and leads to cooperation is the fear of individuals and groups that the dispute may spiral rapidly beyond the two parties, which leads to a willingness to overlook a transgression.

Fearon and Laitin’s analysis presents important inferences for the purposes of our study. First, they also do not see identity as having an autonomous role in driving conflict. In addition, the underlying assumption is that individuals expect their interaction with other individuals to be characterized by opportunism, which leads to a baseline of lack of trust, fear and disorder. However, in their interactions, formal and informal institutions, as well as fear of a spiraling of violence, help induce cooperation and order.

The notion that ideology and identity do not explain the tensions characteristic of interethnic relations also comes clearly across in the economic theories, which see conflict as motivated by greed (Collier and Hoeffler 2000, Fearon and Laitin 2003). These theories find that war, especially civil war, is not caused by ethnic divisions or political grievances but rather is a function of expected utility calculations and opportunity structures. People weigh the economic opportunity cost of violence against the expected utility of violence in making their decision of whether to begin a rebellion. In this model, private gains explain why war may be rational for some individuals even when it is collectively irrational. These theories highlight the role economic incentives and opportunity play in igniting conflict and violence5, stressing that intergroup bias and prejudice are not the central drivers of conflict.

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5 See also Caselli and Coleman (2006), who look at conflict as based on the competition over resources. The main goal of conflict is the exclusion of a fraction of the population from access to the country’s natural resources. Ethnic groups become an effective way to appropriate resources and limit the number of people that enjoy the consumption flow that derives from these resources.
Ethnic violence has also often been portrayed by rational choice theorists as the outcome of a rational strategy used by political elites and ethnic entrepreneurs to win and hold power (Brass 1991; Brass 1997; Kuran 1998; Wilkinson 2006). In most of these theories the question of what makes the masses follow the elites is left unanswered\(^6\), with some theories presenting the masses as irrational and motivated more by symbols, emotions, historical conflicts. The elites then construct or play on existing communal tensions to entrench their power and advance political goals. For example, Wilkinson (2006) shows how Hindu Muslim riots in India are caused when politicians use polarizing events to highlight and mobilize ethnic identities in order to further their own political goals. Also investigating interethnic tensions in India, Paul Brass finds that the transformation of incidents into “caste or communal incidents depends upon the attitudes toward them taken by local politicians and local representatives of state authority, and that their ultimate elevation into grand communal confrontations depends upon their further reinterpretation by the press and extralocal politicians and authorities” (Brass 1997, 6). In these cases, individuals are pressed by activists and social pressures to alter their behavior towards more “ethnic” positioned behavior, sometimes against their own preferences (Kuran 1998).

According to some of these theories ethnic cleavages are constructed by elites while according to other theories elites build on and exacerbate existing cleavages and tensions.

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\(^6\) One of the critiques (Horowitz 1985; Petersen 2002; Varshney 2003) of elite theories is that for ethnicity to be manipulated by a leader - when the price an individual may pay for getting involved in conflict is death, injury, incarceration - it must be valued as a good by a critical mass of people. But the elite theory usually presents us with a view of the masses as willing dupes of ethnic leaders who can manipulate them (Shoup 2008). The elite theory leaves too little room for agency on the part of individuals involved in the conflict (Horowitz 1999), reducing responsibility from people for their violent actions (Petersen 2002).
The main tension that arises is as to whether elites are responding to structural changes and existing mass emotions or shaping them (Petersen 2002). In applying these ideas towards the current study of Israelis and Palestinians, the question arises as to what extent, after decades of violent conflict and recent war (the Gaza war of 2008-2009), do hostile sentiments and intentions exist on the individual level beyond activation by manipulative elites. As will be discussed below, Kaufman (2006a) argues that even if the agency initially lies with rational elites seeking tangible interests, the end result, especially after violence has broken out, is a deeply emotional and symbolic laden environment in which the masses absorb and take up hateful images and a hostile approach towards the other side. In either case however, the end result seems to be that the masses are mobilized more by emotions and myths rather than by the strategic interests, which initially motivated the elites.

Stuart Kaufman (2006a; 2006b) argues that the necessary conditions for ethnic conflict include myths justifying hostility towards the outgroup, ethnic fears for survival, and opportunities to mobilize and fight. The transformation of existing myths towards conflict happens when they are harnessed by political leaders to further their own goals. Therefore, the main challenge of ethnic conflicts is not the interests at stake but the emotion laden symbolic politics of defining and pursuing them. The only way to resolve conflict is to change hostile attitudes to more moderate ones and assuage ethnic fears as well as try to incentivize moderation. Once the leaders have aroused these emotions and the public has adopted them, the leaders will be limited in their ability to moderate them.

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7 Kaufman (2006a) gives an example of the way this plays out in the Israeli-Palestinian conflict, whereby leaders such as Yasser Arafat, continuously exploited nationalist symbols such as the right of return of refugees and the liberation of all of Palestine to mobilize his public and bolster support and subsequently was trapped by the public’s positions which developed in response to his framings, when he was at the negotiation table with the Israelis.
later on. Kelman (2007a) notes that ethnic myths, which often reject the other side’s narrative and create fears of extinction — for example Palestinian myths deny the ancient Jewish presence on the land of historical Israel while Israeli myths deny the shattering impact that the creation of the Jewish state had on Palestinians — are not merely tactical but truly a part of each group’s identity, making them extremely difficult to change. Thus the end result in this case parallels the ones predicted by the psychological theories described above.

Despite the differences in rational choice explanations for the causes of ethnic conflict, there are several key common underlying assumptions these theories make regarding individual level norms of behavior. First, the causes of conflict are understood to be based mostly on rational interests of individuals, groups, and elites and not broader social and psychological processes. Ethnic identity itself does not play an autonomous role in driving the conflict. Second and as a result, while not always directly stated, the rational choice theories do not assume that there is an inherent underlying ingroup bias and prejudice between ethnic groups. Rather, when cooperation is missing it is either due to lack of the right institutions, institutional failure, or the presence of manipulative elites.

**Theory Application towards Experimental Games between Palestinian and Israelis**

The divergent assumptions regarding interethnic behavior made by the rational choice and psychological based approaches, produce several key testable hypothesis for the individual norms of behavior we may expect to find between Israelis and Palestinians. As discussed above, the trust and dictator games are especially suitable for testing these hypotheses as they allow us to isolate and observe the individual norms of behavior predicted by the theories. Specifically, the trust game on its own presents players with a
strategic decision – in order to maximize their individual gains they are required to cooperate and trust their partners. The transfer of money is thus often understood to represent trust and norms of cooperation (Glaeser et al. 2000; Fershtman and Gneezy 2001). If ethnic discrimination will be exhibited in the trust game between our Palestinian and Israeli players, whereby more money will be transferred by players to ingroup in comparison with outgroup partners, it will reflect interethnic mistrust and possibly prejudice.

In the dictator game, on the other hand, the player’s partner does not have an active role (the partner does not return any of the money), eliminating any strategic considerations from the first player’s decision. Money transferred in this case is seen to reflect norms of fairness and altruism. Thus any observed differences in the amount players transfer to ingroup versus outgroup partners reflects intergroup bias in the application of fairness and a taste for discrimination. The results of the dictator game between Palestinian and Israeli players in our games will highlight whether intergroup prejudice, anger, dislike or other emotions associated with the conflict are driving their behavior. As will be described below, behavior in the dictator game will also further help us understand what motivations are driving players’ behavior in the trust game.

As discussed, the psychological based approaches see individual behavior as shaped by the historical, cultural and political conditions in which groups are embedded. Conflict, in turn, is driven by the resulting intergroup status dynamics and the subsequent emotions they produce. Thus these theories predict that where a history of hostility exists between groups, we can expect to find bias and conflict ingrained in intergroup relations. Moreover, in these cases, emotions and psychological needs, such as status affirmation,
will override rational cost benefit analysis over tangible interests.

In applying the psychological based approaches to the current research we can hypothesize that Palestinians and Israelis will bring their daily experiences, shaped by group status and relationships, in our case occupation and war, to bear on their individual interactions with each other. Following Petersen (2002), we can assume that the emotions these experiences arouse, especially in the case of such a long lasting active conflict, will override individual instrumentalist concerns and dominate the interaction. This behavior will be exhibited in lack of intergroup trust and cooperation in the trust game and a taste for discrimination and a bias in the application of the norm of fairness towards the ingroup exhibited through the dictator game.

*Hypothesis 1:* in the trust game, Palestinian and Israeli players will transfer lower amounts of money to outgroup partners in comparison with partners from their ingroup.

*Hypothesis 2:* in the dictator game, Israeli and Palestinian players will transfer lower amounts of money to outgroup partners compared with ingroup partners.

However, Horowitz’s and Petersen’s arguments about the importance of status can also help us make more nuanced predictions about differences in the behaviors of two groups. For Horowitz intergroup competition and comparison, inherent in the human need to achieve a sense of worth, as well as fears of subordination are central drivers of conflict. Petersen discusses the fact that beliefs about inconsistency of status and the daily experiences of subordination can lead to resentment, which is the strongest predictor of violence. Following their logic, one would expect that Palestinians have higher levels of fear, compared with Israelis, over issues of status and resentment regarding the imbalance
in group status and hierarchy. This could lead to a difference in the way the two sides play the games with Israelis showing a higher willingness to cooperate and less prejudice towards Palestinians than vice versa. As a result, while we will expect to see ingroup bias in the trust game and dictator game on the part of both Palestinian and Israeli players, the level of differentials between the transfers made to ingroup members and those made to outgroup members will be larger for Palestinians than for Israelis, reflecting a higher level of intergroup bias on the part of Palestinians. This point stresses one of the central differences between the psychological and rational choice approaches, the latter of which do not directly relate to the psychological effects of status dynamics in explaining conflict and interethnic relations. As will be discussed below, for the rational choice theories, status differentials will have an effect on intergroup relations only as far as they have an impact on group’s security or materialistic needs. Feelings of injustice, inequality, and humiliation for example do not have a role in defining group and individual behavior in rational choice approaches.

*Hypothesis 3:* in both the dictator and the trust game, the differentials in transfers of Israeli players to ingroup and outgroup partners will be smaller than the differentials in transfers made by Palestinian players to ingroup and outgroup partners.

The rational choice theories, on the other hand, identify the causes of ethnic conflict not in inherent intergroup competition and hostility but rather a result of lack of trust and insecurity, which characterizes human interaction in general and is exacerbated by poor institutional conditions that shape ethnic interaction. At their core, rational choice approaches see individuals as driven by utility maximization, stressing the strategic
choices they make in order to secure their interests. Thus conflict is a result of strategic
dilemmas unencumbered by weak institutions and not by inherent group emotions or
prejudices. These assumptions, which diverge from those presented by the psychological
approaches, lead to several hypotheses regarding the behavior of Palestinians and Israelis.
First, in the trust game, the antagonisms associated with the conflict will not play a
central role in individual interactions and individuals in the games will focus on
maximizing their profits. This hypothesis is based on what I called the pure type of
rational choice approaches.

*Hypothesis 4:* in the trust game, both Israeli and Palestinian players will focus on
maximization of profits regardless of the identity of their partner, transferring
similar amounts of money to ingroup and outgroup partners. In other words, in
order to maximize profits individuals will be willing to trust and cooperate with
partners from the other ethnic group to a similar extent as with partners from their
own ethnic group.

However, as was discussed above, several of the rational choice approaches stress
the macro conditions that shape and determine the strategic choices individuals make.
Specifically, the security dilemma and commitment problem approaches to ethnic
conflict see the lack of suitable institutions as exacerbating the underlying mistrust and
fear which characterize human interaction. Moreover, under Fearon and Laitin’s (1996)
approach, we can predict that both Palestinians and Israelis will assume that their partners
are disposed towards self-interested behavior. Thus, cooperation in the trust game, even
for the purpose of gaining money, will be seen as risky and avoided. Hence, taking into
account the continued hostilities between Palestinians and Israelis, characterized by
misperceptions of motives and commitment problems, and the fact that the experimental games themselves have no mechanism to specifically overcome these problems, we can predict that individuals in the trust game will play a defensive strategy, assuming that partners, especially from the other nationality, will not cooperate and return money but rather focus on their own self gain and hence to pre-empt this move and ensure maximum gains it is better to defect. In other words, mistrust associated with the conflict may lead players to assume the worst about partners from the other ethnicity and not take the chance of transferring money in the trust game.

_Hypothesis 5:_ in the trust game, absent mechanisms to ensure players commitment and cooperation, we can expect Palestinian and Israeli players to transfer lower amounts of money to outgroup partners than to ingroup partners, exhibiting low levels of interethnic trust and cooperation when compared with behavior towards members of the ingroup.

It should be noted that following Fearon and Laitin (1996), we could predict that this mistrust may characterize human interaction in general and not necessarily be driven by ethnic bias. However, we can still predict that the mistrust will be more extreme in the case of outgroup partners where informal institutions to oversee commitments are by far weaker to non-existent in comparison with ingroup partners.

Moreover, the intergroup bias could especially be strong in the case of Palestinian players who play against Israeli partners as one could claim that in this case Palestinians are in a similar role of the minority in Fearon’s commitment problem approach (Fearon 1994), facing he stronger and more powerful group. Thus we may see lower levels of
interethnic trust and cooperation when Palestinian players play against Israeli partners than vice versa.

In the dictator game, however, as no inherent prejudice and ethnic bias is expected, we can predict, contrary to the hypothesis of the psychology based approaches, that Israelis and Palestinians will not show bias and exhibit similar norms of fairness within and across ethnic lines.

**Hypothesis 6**: in the dictator game, Palestinian and Israeli players will make similar transfers to partners from the ingroup and the outgroup. An interethnic norm of fairness should be exhibited, whereby players transfer money to their partners regardless of their ethnic identity.

On the other hand, rational choice approaches also lead to an alternative hypothesis whereby, while in the trust game we will not see ethnic bias (Hypothesis 4), with players focusing on their strategic interests, in the dictator game, where no cooperation is required to maximize profits, we may see intergroup bias. After all, with years of ongoing conflict between Palestinians and Israelis, a certain level of intergroup animosity is sure to exist and while players will overcome it in the trust game in order to maximize their profits, it will be reflected in the dictator game.

Moreover, rational choice theories that focus on elite manipulation raise the possibility that the masses have been manipulate by rational elites to adopt emotional animosity and prejudice based on ethnicity. To a certain extent, action of the average individual, once manipulated by elites, will resemble the norms of individual behavior predicted by the psychological approaches. Thus, this would lead to a hypothesis whereby, Palestinian and Israeli players will hold underlying animosities, intergroup
prejudices and bias and thus show limited interethnic trust and cooperation in the trust game, transferring less money to outgroup partners in comparison with ingroup partners, and show a taste for discrimination as well as low levels of fairness across ethnic lines in the dictator game.

In sum, the underlying assumptions at the basis of the psychological and rational choice theories, lead us to very different predictions about the way Israelis and Palestinians will interact. The coupling of the dictator and trust game results especially highlight the divergent core assumptions of the psychological and rational choice based approaches. The psychological based approaches, assume inherent intergroup competition, resentment and animosity, leading to a prediction of intergroup bias in the trust and dictator game, whereby Israeli and Palestinian players will show more prejudice and less fairness towards outgroup partners in comparison with ingroup partners. For the rational choice based approaches, the underlying assumption that, while lack of trust and opportunism characterize individual interaction, they are not inherently tied to ethnic identity, leads to two alternative predictions. On the one hand, we should not expect to see intergroup bias in either the trust game or the dictator game. In the trust game, players will focus on maximizing their profits and cooperate, while in the dictator game they will not show any discrimination or animosity. On the other hand, alternatively, players may show no intergroup bias in the trust game, focusing on profit maximization, but show a certain level of discrimination and animosity in the dictator game. This latter case would show that rational players are willing to look beyond intergroup dynamics and cooperate if it will increase their personal gains, but will allow the dynamics of the conflict to
impact their behavior in the dictator game, where no strategic cooperation is required to ensure gains.

Conclusion

In summary, this chapter has provided a broad overview of the different approaches the ethnic conflict literature has taken towards understanding the causes and resolution of ethnic conflict. The analysis focused on the underlying assumptions the different approaches make, both explicitly and implicitly, regarding the norms of individual behavior in ethnically charged environments. From these assumptions we drew clear observable implications, which are to be tested by our experimental games. As noted, very rarely have these micro level individual mechanisms, which are at the core of many of these theories, been empirically validated.

The experimental games to be used in my study will help us isolate and focus on the specific individual norms of behavior we seek to investigate. Broadly, the dictator and trust games, especially coupled together, will help test to what extent, in an ethnically charged environment, baseline norms of individual interethnic behavior will be characterized by an inherent intergroup competition, bias and animosity - seen by the psychological theories as intrinsic result of intergroup relations - and to what extent they will be driven by individual utility maximization and concerns of security. As the divergent hypothesis I drew out above show, each of the theories leads us to make different predictions regarding the extent to which norms of trust, cooperation and fairness will be observed between Israelis and Palestinians in the trust and dictator games. The findings of our experiments will thus help to adjudicate between the different
theories and help to better understand individual level norms of behavior and the connection between individual attitudes, preferences and action.
Chapter 3: The Intergroup Relations Literature in Social Psychology – Intergroup Bias and Hostility towards Outgroups

As discussed in the previous chapters, political scientists have extensively sought to gain a better understanding of intergroup conflict and cooperation by investigating the history, sources, and nature of real-world conflicts. However, despite the importance that much of this literature places on the role that individual level norms of behavior play in shaping and driving intergroup relations, the empirical investigation of these norms has been limited due to a focus on group level outcomes as well as a reliance on observational methods of data collection.

As opposed to political scientists, social psychologists have centered their vast research of intergroup relations on directly testing individual level norms of behavior through laboratory and field experiments. The focus of social psychologists has been to assess and measure individual level cognitive and psychological processes that drive and shape the dynamics of intergroup interaction and test the interaction between interpersonal and intergroup dynamics (Dovidio, Maruyama, and Alexander 1998).

One of the most widely observed and well established phenomenon across hundreds of intergroup studies in social psychology is the occurrence of intergroup bias, or ingroup favoritism - the preferential evaluation by individuals of their own membership groups (the ingroup) relative to groups to which they don't belong (the outgroup) (for some of the reviews and classic works see Brewer 1986; Brewer and Campbell 1976; Hammond and Axelrod 2006; Hewstone, Rubin, and Willis 2002; Mullen, Brown, and Smith 1992; Rabbie and Horwitz 1969; Tajfel 1982). While different approaches in social psychology provide divergent explanations for the motivations that
lead to group categorization and ingroup favoritism, they have provided extensive findings that ingroup favoritism exists across all forms of group membership, even in cases where individuals have been merely categorized into arbitrary groupings for the purposes of an experiment (Tajfel 1970, Tajfel, Billig, Bundy and Flament 1971).

Despite the broad findings regarding ingroup favoritism, there is an ongoing debate in the social psychology literature as to whether ingroup favoritism also systematically correlates with and inherently implies negative bias and hostility toward outgroup members (Brewer 1999). While, historically, there has been a general presumption that ingroup positivity implies outgroup hostility (Sumner 1906), recent studies have challenged the assumption that these are ‘two sides of the same coin’ (Brewer 1999; Cairns et al. 2006; Levin and Sidanius 1999). However, there is a general agreement that in cases where there is strong ingroup identification and loyalty, competition over scarce resources (real or symbolic) and a sense of threat to group goals, we will find not only ingroup favoritism but also outgroup hostility, including mistrust, prejudice, hostility, and intolerance (Brewer 1999; Cairns, Kenworthy, Campbell, and Hewstone 2006; Shamir and Sagiv-Schifter 2006).

Thus, in a case of an extreme and enduring conflict such as the Palestinian-Israeli conflict, past research leads to the expectation that we should find not only ingroup favoritism but also outright negativity and even hatred towards the outgroup. However, importantly, these assumptions have very rarely been empirically tested and proven within a context of a real-world conflict, reflecting one of the main challenges of social psychology studies of intergroup relations - their limited scope (Green and Seher 2003; Pettigrew 1998).
While political scientists have worked with large aggregates and real-world groups such as ethnic groups or national communities, psychologists have tended to work with small and often artificial groups created for the purposes of the experiment (Sherif 1961; Tajfel 1982; Tajfel et al. 1971). In addition, in those cases where real-world groups have been used most of the focus has been on racial groups in the United States. As a result, the vast majority of these studies have been based on groups with relatively weak forms of bias (Hewstone, Rubin, and Willis 2002) and very rarely within contexts of active intergroup conflicts. Thus, the extensive knowledge accrued by social psychologists on intergroup processes has not been largely applied to real-world settings or effectively linked to policy and practice related to intergroup conflict and cooperation (Alexander and Levin 1998). More recently, a growing group of social psychologists as well as behavioral economists have used experimental methods to test the existence of ingroup bias and outgroup hostility among real-world naturally occurring groups. However, these studies have also rarely tested these phenomena within the context of an active intergroup conflict.

While this chapter cannot cover all the immense literature that exists on the topic of intergroup relations in social psychology, I will provide a brief overview of the key theories that explain the motivations for group categorization and intergroup bias. I will subsequently discuss some of the empirical findings related to these theories and the assumptions made by the literature regarding the cases in which ingroup bias may translate into outgroup hostility.

Key Approaches in Social Psychology to Intergroup Relations

One theory that has attempted to explain the dynamics of group identification and
prejudice is realistic group conflict theory (Sherif and Sherif 1953, Sherif et al 1961, Sherif 1967). In Sherif’s functional theory of intergroup behavior (Sherif and Sherif 1953, Sherif 1966,), groups are presumed to be formed from positive interdependence in pursuit of common goals and intergroup relations are characterized by competition and negative interdependence. Realistic group conflict theory starts from “realistic” conflict situations of clashing interests between groups. Incompatible goals and competition for scarce resources are the main source of intergroup conflict. This competition creates a threat to the ingroup and its members’ interests, wellbeing and even existence. While the focus is often on tangible and in particular economic interests and clashes, group conflict can also revolve around symbolic resources, including social status, values, and identity (Bobo & Hutchings, 1996; Duckitt, 2003; Sears & Funk, 1991). Group members, recognizing that their own self-interest lies with their group’s success, identify with their ingroups and begin to discriminate against the competitive outgroup (Monroe et al 200, Shamir and Sagiv-Schifter 2006). Thus, realistic group conflict theory assumes that real conflict produces the social psychological effects of ingroup identification and stereotyping of the outgroup. However, on the other hand, the theory doesn’t assume that prejudice is an inherent and unalterable part of human nature.

Nonetheless, the criticism of realistic group conflict theory has been that it does not adequately take into account the psychological process by which individuals identify with groups and through which stereotypes and discrimination develop. Social Identity Theory (Tajfel and Turner 1979), a second central theoretical approach to intergroup relations,

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8 To demonstrate the validity of their ideas Sherif and his colleagues conducted the well known Robbers Cave Experiment whereby they arbitrarily divided campers in a summer camp into groups and introduced competition between the groups. They saw that as competition between the artificially constructed groups increased, prejudice and hatred of the other emerged.
assesses the effect of group level dynamics on individual behavior and focuses on a more psychological understanding of intergroup relations and conflict. The development of the theory originated in the minimal group experiments (Tajfel 1970, Tajfel, Billig, Bundy and Flament 1971) from which it seemed that competitive intergroup behavior might be an intrinsic feature of the mere existence of social categorization into ingroup and outgroup categories. Therefore, while the perceptions of competition over scarce resources reinforce ingroup and outgroup distinctions they are not necessary conditions for ingroup favoritism and even outgroup discrimination (Monroe, Hankin, and Vechten 2000).

Social Identity Theory is based on the assumption that a central part of our identities are our social and group identities. Categorization into groups is a fundamental process common to all people in all societies, enabling people to systematize and simplify their environment. In the process of categorization people will classify themselves into one social category and out of another (Tajfel 1978). This social categorization fundamentally involves a distinction between the group containing the self (the ingroup) and other groups (the outgroups) and this distinction then defines people’s orientations towards each other (Brewer 2001, Dovidio et al. 2008). In addition, one of the most basic drivers of our behavior is our need to feel worthy and valued by others and since a major part of our sense of self is anchored in the groups to which we belong an easy way to enhance our self esteem is to view the social group to which we belong as better than other social groups (Tajfel 1978, Nadler 2000). It is the establishment of positively valued distinctiveness from other groups that is seen as key in shaping intergroup interactions. Thus, the more a person feels their group is worthy and valued the higher
their self-esteem. People’s tendency to derogate others is therefore a result of their need to feel better about themselves and about their group.

As opposed to realistic conflict theory, in social identity theory, social groups can only be evaluated comparatively, which in turn produces intergroup competition quite apart from whether there is any rivalry for material rewards. Tajfel showed that the mere formation of otherwise meaningless groups produced ingroup favoritism versus the outgroup regardless of group cohesiveness or competition between the groups (Tajfel 1970). Thus, blue eyes, a preference for the painter Kandinsky over Klee, or calling some people dot over-estimators and others under-estimators were shown to be sufficient to produce a preference for ingroup members and elicit discrimination against outsiders (for a summary see Brewer 1979, Huddy 2004, Tajfel, Billig and Bundy 1971, Tajfel & Turner 1986). Moreover, the more strongly people identify with the ingroup the more likely they will try to expand the difference between their ingroup and outgroup even at a cost to themselves and their group (Sidanius et al. 2007). Horowitz (Horowitz 1985, 146) emphasizes the importance of the minimal group findings for isolating several vital features of actual group conflict including “...the powerful pull of group loyalty, the quest for relative in-group advantage, and the willingness to incur costs to maximize intergroup differentials”. Hundreds of experiments in social identity theory have consistently shown that individuals identify with the ingroup and support ingroup norms. Some scholars of social identity argue further that because the need to maintain positive self esteem is a fundamental human motivation, derogation of outgroups is a likely outcome of ingroup tendencies (Hogg 1992).

Social Dominance Theory agrees with Social Identity Theory that discrimination
can be elicited on the basis of trivial group categorizations, but, scholars of this approach also predict that the choice to prefer the ingroup over the outgroup (even at the loss to the ingroup) is also related to the social dominance orientation among members of relatively high status groups. This theory has devoted more attention to individual differences in the development of outgroup antipathy than social identity theory. The greater one’s desire to maintain social hierarchy the more likely one will be to endorse the relative advantage of dominant groups over subordinate groups even if this comes at the cost of reduced absolute gains for one’s own group (Sidanius and Pratto 1999).

Brewer’s (2007) optimal distinctiveness theory also gives status and positivity a secondary role, suggesting that security motives, rather than self-enhancement underline ingroup favoritism. According to this approach, group attachments have been evolutionarily developed and driven by human need for security from the threats and challenges of the surrounding environment. Thus, ingroups in this theory serve as bounded communities of mutual cooperation and trust (Brewer 1999) and ingroup behavior is governed by norms and sanctions that reinforce expectations of mutual cooperation and trustworthiness. Therefore, social differentiation and intergroup boundaries are functional for purposes of achieving social cooperation. Clear ingroup boundaries in this case serve to both ensure inclusion (assimilation into the group which provides security) and exclusion (differentiation from others which allows ingroup members to recognize their entitlement to receive benefits). This approach carries no implicit link between ingroup formation and intergroup hostility or conflict. Discrimination between ingroup and outgroups is a matter of relative favoritism toward the ingroup and the absence of equivalent favoritism toward outgroups. Therefore,
outgroups can be viewed with indifference, sympathy, even admiration, as long as intergroup distinctiveness is maintained (Brewer 1999).

**Empirical Findings of Ingroup Bias**

Since the minimal group experiments were first implemented, hundreds of ingroup-outgroup bias studies have filled psychology journals (see Hewstone et al., 2002, Dasgupta 2002 for recent reviews), bringing forth broad findings of intergroup bias. These extensive findings have made ingroup favoritism an empirically well-established phenomenon (Blanz, Mummendey, and Otten 1997; Hammond and Axelrod 2006), whether under minimal conditions (Henri Tajfel, Billig, Bundy, and Flament 1971) or in natural settings (Mullen, Brown, and Smith 1992). These studies have shown that people generally favor ingroup over outgroup members in distribution of rewards (Brewer 1986; Brewer and Brown 1998; Tajfel and Turner 1979), attribute more positive views to ingroup members than to outgroup members (Allen 1996; Beaupré and Hess 2003; Otten and Moskowitz 2000), retain more information in a more detailed fashion for ingroup members than outgroup members (Park and Rothbart 1982) and remember less positive information about outgroup members (Wilder 1981). It has also been shown that ingroup members are considered to be more loyal, honest, and reliable, than are outgroup members (Rustemli, Mertan, and Ciftci 2000). Preferential treatment and evaluation of the ingroup relative to the outgroup has appeared across diverse contexts and considerable evidence has been brought that such ingroup favoritism is activated automatically when a group identity is salient (Otten and Moskowitz 2000) and is considered normative in its own right.
However, despite the immense research on ingroup favoritism through laboratory experiments and other methods, one of the limitations of this research has been that, to a large extent, much of the experimental data has been based on studies that use minimal groups or has been based on race relations between blacks and whites in the United States. Researchers have less often used field and laboratory experiments to test and assess ethnic or cross national rivalry with real word groups (other than blacks and whites in the United States), and, even more rarely, implemented studies within a context of a real-world conflict. While minimal group conditions ensure control of relevant variables, they do not capture the full complexity of group categorization, intergroup relations and bias in the real-world (Rustemli, Mertan, and Ciftci 2000).

Recently, however, a growing body of experimental literature from social psychology as well as behavioral economics has begun to expand the study of intergroup bias using experimental methods to test norms of behavior of real-world ethnic, religious and national groups. Most of these experiments have used behavioral games to test for intergroup bias in different contexts. Results from these studies, while still showing extensive outcomes of ingroup bias, highlight the importance of applying the findings of minimal group studies towards real-world groups in gaining a better and more nuanced understanding of intergroup interaction.

In one of the key studies of ethnic rivalry, Fershtman and Gneezy (2001) use various financial games to study different aspects of ethnic discrimination within Israeli Jewish society. They find a systematic mistrust of Jewish men of Eastern origin by both the ingroup and the outgroup and identify ethnic stereotypes (as opposed to a “taste of discrimination”, wherein individuals would be willing to sacrifice gains in the game in
order to cater to their prejudice) as the source of mistrust. However, Bouckaert and Dhaene (2002), on the other hand, using a similar research design, find that in an experiment with male small business entrepreneurs of Turkish or Belgian ethnic origin, the average levels of trust and reciprocity are independent of ethnic origin and, moreover, independent of the ethnic origin of the counterparty. Habyarimana et al. (2006) study ethnic groups in Uganda and do not find evidence that in their experiments people are less altruistic towards members of other ethnic groups. On the other hand, Burns (2006) examines the impact of racial identity on trust behavior by high school students in South Africa and finds there is a systematic distrust towards black partners on the part of whites but also on the part of other blacks. Falk and Zehnder (2007) find in a trust game in Zurich that people trust strangers from their own district significantly more than strangers from other districts. Sosis and Ruffle (2004) find that in games played between kibbutz members and city residents in Israel, kibbutz members display higher levels of cooperation when paired with anonymous kibbutz members than when paired with city residents. Bernhard, Fehr and Fischbacher (2006) use games with third-party punishment in two distinct, native social groups in Papua New Guinea, finding that that third parties show stronger altruism towards ingroup victims and give ingroup norm violators more lenient judgments. Goette, Huffman and Meier (2006) examine the effects of group membership in a Prisoner’s Dilemma game using platoons in the Swiss Army. They find more cooperation when subjects interact with ingroup members. Buchan et al. (2006) find in their experiments with Chinese, Japanese, Korean and American participants that increasing social distance (having participants play against outgroup partners) decreases other regarding preferences (such as fairness), however this behavior varies across
Beyond these overall broad findings of ingroup favoritism, there is a continuing debate in the literature regarding whether such ingroup favoritism also inherently implies negativity and derogation of the outgroup. However, as will be discussed in the next section, although there are mixed findings regarding the correlation between ingroup favoritism and outgroup hostility, there is an agreement across the different approaches that in cases of realistic group conflict over real and symbolic resources we can expect to find both, though this assumption has rarely been tested within the context of real-world intergroup conflict.

**Ingroup Favoritism and Outgroup Hostility**

There is an ongoing discussion in the literature as to whether ingroup bias is also inherently correlated with negativity against the outgroup. Studies have found mixed results with some reporting significant associations between identification with national, ethnic, and other social groups and less favorable attitudes towards the outgroup (Gibson and Gouws 2000; Levin and Sidanius 1999; Perreault and Bourhis 1999) while other studies have found ingroup favoritism and outgroup hostility to be distinct (Cairns, Kenworthy, Campbell, and Hewstone 2006; Hinkle and Brown 1990; Kosterman and Feshbach 1989; Struch and Schwartz 1989).

However, there seems to be a general agreement across the different approaches that under conditions of real intergroup competition and threat (real and symbolic), such as the ones experienced by Palestinians and Israelis, we will find not only a strong ingroup favoritism but also outgroup negativity, (Stephan and Stephan 2000; Stephan, Ybarra, and Morrison 2009). According to Brewer (1999) ingroup favoritism will
translate into outgroup negativity and hostility in societies where there is a strong ingroup identification, social comparison processes, power politics and threat. Whether actual or imagined, the perception that an outgroup constitutes a threat to ingroup interests or survival creates an environment in which identification and interdependence with the ingroup is directly associated with fear and hostility toward the threatening outgroup (Brewer 1999).

Intergroup threat is experienced when members of one group perceive that another group is in a position to cause them harm. Realistic threats are threats to a group’s power, resources, and general welfare while symbolic threats are threats to a group’s religion, values, belief system etc. Threats includes a sense of intergroup anxiety, which is seen as the anticipation of negative outcomes from intergroup interaction, including concerns that the outgroup will exploit the ingroup, perceive it as prejudiced or will challenge ingroup values (Stephan, Ybarra, and Morrison 2009). The relationship between intergroup anxiety and negative outgroup attitudes has been observed across a variety of natural settings as well as in the laboratory (Brown et al., 2001). Studies have found stronger correlations between group identification and outgroup hostility in high, as opposed to low, intergroup threat conditions (Branscombe and Wann 1994; Grant and Brown 1995). Furthermore, studies that have measured both realistic and symbolic threats have shown that both types of threats can account for unique portions of the variance in attitudes toward outgroups (Wilson 2001). Findings also show that both incompatible goals and perceived competition between groups are related to negative outgroup attitudes, opposition to policies that favor the outgroup, and stereotyping of the outgroup (Beaton and Tougas 2001; Renfro et al. 2006; Watts 1996; Zárate et al. 2004). Brown et al. (2001)
examined conflict and intergroup bias between British ferry passengers and the French during a period when French fishermen threatened the goals of the British passengers by blockading a port used by the British ferry. Results showed that both perceived and actual (objective) conflict between the groups was related to higher levels of aggression toward the French.

However, despite the importance of understanding the interplay between ingroup favoritism and outgroup hostility, especially in environment of intergroup conflict, rarely have intergroup norms of behavior been empirically tested between naturally occurring groups engaged in a real-world active intergroup conflict. Importantly, as the next section will discuss, studies have shown that context matters for the way in which intergroup bias may play out. In some cases and under some conditions, we may find outgroup favoritism instead of ingroup bias and/or outgroup animosity.

Outgroup Favoritism

In addition to the extensive findings of ingroup favoritism mentioned above, recent research has also shown cases in which bias in favor of the outgroup will occur (e.g. Gil White 2004, Livingston 2002, Tanaka and Camerer and see Jost 2001 for a review). This has especially been found to be true when two groups of unequal status interact. Findings show that under certain conditions low status groups will exhibit a preference for the outgroup, which is the higher status group. A meta-analytical study of experimental groups found that members of high and equal status groups overwhelmingly show ingroup favoritism while a majority of the low status groups display outgroup favoritism (Jost 2001, Mullen, Brown and Smith 1992). On the other hand, Tanaka and Camerer (unpublished manuscript), using experimental games in Vietnam that measure altruistic
giving and third-party punishment of giving-norm violations, present evidence of high-status groups (Vietnamese and Chinese) exhibiting favoritism toward a lower-status outgroup (Khmer). The high-status groups give to the Khmer, the lower status group, and defend the Khmer when they are treated poorly as strongly as they give to and defend their own group. However, the researchers do find more typical outgroup prejudice against the Khmer in trust game involving risky investment. Tanaka and Camerer see this as the high-status groups offering a “handout,” but not a “handshake”, a pattern they call patronizing outgroup preference. In an experiment with Mongols and Kazakhs in Western Mongolia, Gil-White (2004), also finds outgroup favoritism - proposers in his games made larger offers to outgroup partners than ingroup partners and responders were not more likely to punish outgroup than ingroup members for low offers.

Bias in favor of the outgroup has been explained in several ways. Social dominance theory regards outgroup favoritism among low status groups as one form of behavioral asymmetry that produces and maintains social hierarchy (Sidanius and Pratto 2001). System Justification theory (Jost and Banaji 1994) explains outgroup favoritism as the internalization of inferiority among disadvantaged groups (Jost, Banaji and Nosek 2004). The theory holds that people are motivated to justify and rationalize the way things are, so that existing social, economic, and political arrangements tend to be perceived as fair and legitimate (Huddy 2004, Jost and Hunyady 2005). The theory argues that members of subordinate groups do not readily succumb to ingroup bias but rather internalize beliefs that maintain the status quo, even though it is against their self-interest (Huddy 2004). Thus, groups that have been historically oppressed experience social pressure to identify strongly with and promote their stigmatized ingroup at the
conscious level yet are exposed to negative portrayals of their ingroup that may attenuate automatic ingroup favoring tendencies (Ashburn-Nardo & Johnson 2008, Jost et al. 2004). Livingston (2002) found that African Americans exhibited more ingroup favoritism on explicit measures but less ingroup favoritism on implicit measures. In three studies, Jost et al. (unpublished) found that members of low as well as high status groups expressed non-conscious favoritism towards members of higher status outgroups on cognitive, effective, and behavioral measures. The researchers explained this behavior as reflecting the fact that at least to some degree members of disadvantaged groups internalize negative stereotypes and evaluations of their own group (see also Jost et al. 2002, Dasgupta 2004).

However, one of the conditions for outgroup favoritism in these cases is the acceptance and legitimization of the social hierarchy and status quo. Thus, when members of the lower status group perceive the existing status hierarchy as relatively unstable and illegitimate and intergroup boundaries as impermeable the tendency will be towards social competition and resistance to the outgroup and not outgroup favoritism (Nadler & Halabi 2006, Tajfel and Turner 1986). On the other hand we could expect to see outgroup favoritism in cases where the social hierarchy and status quo is seen as legitimate or at least has been internalized and is perceived as stable.

Conclusion

This chapter has provided a brief overview of the approaches to intergroup relations in social psychology and the main findings regarding intergroup norms of

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9 Explicit attitudes in this study were assessed using participant’s ratings of Whites on “feeling thermometers” and implicit racial attitudes were assessed using the Implicit Association Test as well as a modification of the “pipeline” paradigm developed by Fazio and colleagues (Livingston 2002).
behavior of an extensive body of experimental research. In comparison to political scientists, who have focused on understanding the history, sources, and nature of particular intergroup conflicts with an emphasis on organizational, institutional and sociocultural level of explanations, the study of intergroup relations in social psychology and more recently behavioral economics has focused on the cognitive and psychological underpinnings of individual behavior and the interaction between interpersonal and intergroup dynamics. Hundreds of laboratory and field experiments have empirically tested the underlying process, motivations, norms of behavior and outcomes of intergroup interactions.

Findings from this literature present us with several key insights regarding the types of norms of behavior we may expect to find between individuals from two groups engaged in a conflict. First, lab and field experiments in social psychology have led to a broad and robust finding of ingroup favoritism in the interaction between individuals from two groups, although behavioral experiments with real-world groups have begun to develop a more nuanced understanding of this phenomenon. Second, findings of studies have shown that the social, political and economic context matters for the way in which this bias plays out. Therefore, in some cases, especially where hierarchical differences exist between two groups, we may find bias not in favor of the ingroup but rather of the outgroup. Third, there is overall an agreement in the literature that ingroup favoritism is not always correlated with outgroup negativity and hostility. However, in cases of realistic competition over resources and real and symbolic threat, intergroup interaction will be characterized not only by a bias towards the ingroup but also outright hostility towards the outgroup.
However, despite their immense relevance for deepening our understandings of intergroup relations, especially the interplay of underlying individual norms of behavior and group level outcomes, most of the empirical work in social psychology has been limited in scope particularly regarding situations of real-world intergroup conflict. As this chapter discussed, most of the behavioral findings in social psychology rely on minimal group experiments or race relations in the United States and very rarely on naturalistic groups engaged in a real-world conflict.

Therefore, the current study will contribute to this literature by testing some of the findings with large-scale naturalistic ethnic groups engaged in a real-world bi-national conflict. The fact that I were uniquely able to run a large N study with West Bank Palestinians and Israeli Jews will allow us to provide a unique insight into the actual behaviors of individuals from two sides of a conflict towards each other in situations which present an opportunity for both cooperation and hostility.
Chapter 4: Behavioral Experimental Methods as a Tool for the Study of Intergroup Relations

As the previous chapters have discussed, the study of intergroup relations is often focused on assessing the role that norms of behavior such as trust, fairness, and cooperation play in driving conflict but also in encouraging interethnic tolerance, cooperation and even peace. A broad literature has dealt with the ways in which such norms of behavior smooth everyday interpersonal transactions, help overcome collective action problems, and lead to economic growth. Conversely, implicit and explicit in the theories of intergroup conflict are assumptions about the role mistrust and bias play in breeding hostility and conflict. Conflict itself is often seen as destroying the existence of such norms. Thus, the different approaches to intergroup relations make divergent and distinct assumptions about the ways in which norms such as trust, fairness and cooperation effect intergroup relations at the individual and group levels, leading to different observable and testable implications. However, the empirical demonstration and testing of these interethnic norms of behavior has been restricted as a result of a focus on group level outcomes, a reliance on observational methods or limited testing within real-world contexts (Wilson and Eckel, Forthcoming; Levi and Stoker, 2000).

Taking these challenges into account, in the current study I have chosen to implement an experimental behavioral method to measure intergroup norms of behavior based on games often used in behavioral economics and psychology. Behavioral experimental methods are a powerful tool for the investigation of intergroup norms of behavior as they help overcome some of the main challenges of observational methods in two key ways. First, experiments provide the researcher with control of the research
environment including the ability to randomly assign subjects to different experimental conditions. This in turn provides an opportunity to overcome issues of selection bias and isolate and examine separately the effect of different variables while controlling for other confounding variables (Charness 2010; Ostrom 2006; Webster and Sell 2007). Any differences on the dependent variable, in our case trust, fairness and cooperation, can be attributed to the manipulation, and as a result offer support for causal inference. Second, the use of games where participants’ decisions are linked to costs and rewards, help to overcome the biases associated with self-report measures of attitudes and behavior by allowing us to observe actual behavior and monetarily incentivize participant’s actions so that their true preferences are more probably revealed. This is especially important in the study of intergroup norms of behavior, an area that has been shown to be especially challenging for eliciting true preferences and behavior due to its social sensitivity.

However, it is important to emphasize that experimental and observational methods are complements and not substitutes. Behavioral experiments present challenges of their own, such as providing strong external validity for their findings. Therefore, integrating observational and behavioral experimental methods can help overcome the weaknesses of each approach and significantly improve our ability to investigate norms of behavior. Specifically, the more narrow approach of experimental methods enhances our ability to test the interaction of relevant variables and ascertain causality and causal relationships, while observational methods such as surveys help to inform what we observe behaviorally and expand the scope of the research.

In the present study, I aim to focus on the behavioral experimental approach in order to empirically measure intergroup norms of behavior and gain a better
understanding of the ways in which behavioral experimental methods can contribute to the study of intergroup relations. I build on some of the previous work which has shown the way in which games can test the effect of identity on intergroup interaction (Fershtman and Gneezy 2001; Whitt and Wilson 2007; Habyarimana et al. 2009; Gil-White 2004) but move beyond this work by implementing large-N behavioral experiments with naturally occurring groups involved in an active, salient and violent conflict. In addition, following the work of Glaeser et al. (2000) I also integrate survey questions into each experiment in order to test the correlation between attitudinal measures of norms and actual behavior. As a result, this study will help to bridge between the traditionally macro level questions associated with intergroup conflict with micro behavioral research.

This chapter will provide an overview of the way in which experimental games can serve as an important tool in the study of intergroup relations. The first section will briefly discuss some of the challenges that observational methods, and especially the use of survey research, present for the study of intergroup behavioral norms. I will then discuss the advantages of experimental games that make them a strong method for testing the underpinnings of intergroup relations. Lastly, I will introduce the two behavioral games – the trust game and the dictator game – which will be used in my research and review some of the studies in which they have been applied towards the study of intergroup relations in a real-world context.
The Challenge of Using Observational Methods for the Study of Intergroup Relations

Observational data methods, including the use of surveys and interviews, are important tools in the study of attitude and behavior, helping researchers to unearth valuable knowledge about complex and broad social and political contexts. One of the strengths of such methods is that they can generate large and representative data sets that provide statistical power and external validity regarding the application of their findings towards real-world outcomes. The extensive use of large-scale representative surveys facilitates important comparisons across groups, cultures and nationalities. However, these methods also face several challenges especially in the study of socially sensitive areas such as intergroup relations.

First, as has been broadly discussed and assessed in the literature, observational methods present several well-known identification challenges, including issues of confounding variables and self-selection bias, which threaten the internal validity of their findings and undermine their ability to establish strong causal inferences. The fact that the researcher lacks control of the research setting, the variation of the independent variables, and the randomization of participants, makes it challenging to establish non-biased estimate of causes and effect.

Second, many of the studies of intergroup norms of behavior rely on self-report measures of attitudes and behavior as captured by responses to survey and interview questions. However, there are several reasons why self-report measures of attitude and behavior, especially in socially sensitive area such as intergroup relations, are susceptible
to distortion and may not be the most reliable method for investigating norms of behavior.

One key challenge is that survey questions can be vague and can correspond to many different individual representations and elicit ambiguous responses. For example, when testing norms of trust, one of the most commonly used methods is the General Social Survey (GSS) attitudinal questions. These questions ask people to self-report on levels of trust and trustworthiness by answering questions about how much they trust their family, neighbors, government, how much they contribute to charities, and how often they lend money to friends. The most commonly used GSS question on trust, which was also integrated into the survey portion of my experiments, asks: “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” Trust is measured by the percentage of respondents who answer that most people can be trusted. However, ambiguity arises because respondents can have different opinions about the meaning of certain phrases such as “most people” or they can differ in their interpretations of phrases such as the meaning of “trusting people” (Glaeser et al. 2000; Schwartz 1999; Willinger et al. 2003).

Another challenge in using surveys and interviews is that they do not provide any assurance that subjects will make a mental effort to carefully read, think about and answer the questions. Due to the fact that payoffs in a survey (e.g. payment for participation) are not linked to actual performance on the questions, there is a concern that subjects will not pay attention or exert real effort and thus provide biased and noisy results (Carpenter 2002). For example, studies have shown that the ordering of answers in a multiple-choice question matters a great deal. Subjects tend to rate the first or last listed
answer as important, regardless of what the answer actually says (Bertrand and Mullainathan 2001), reflecting the fact that they did not put in the effort to consider the content of the answers more in depth.

Furthermore, there are several reasons why self-reported measures are particularly problematic in socially sensitive cases such as intergroup relations, the focus of the current study (Crosby, Bromley, and Saxe 1980; Dovidio, Kawakami, and Beach 2001; Fazio and Olson 2003; Greenwald et al. 2009; Olson and Fazio 2009; Pager and Quillian 2005). First, in these cases, respondents to surveys may have an especially strong incentive to distort their true preferences and perceptions as people want to give socially "correct" answers (social desirability bias) and appear to be "good" to the experimenter, to other subjects or even to themselves (Cardenas and Carpenter 2002; Crosby, Bromley, and Saxe 1980; Eckel 2008; Faigman, Dasgupta, and Ridgeway 2008; Fehr et al. 2003; Pager and Quillian 2005; Rudman and Kilianski 2000; Schwarz 2007; Sigall and Page 1971; Tourangeau and Yan 2007). Since the cost of misrepresentation in these cases is very low, subjects can distort their answers without any penalty. For example, in the case of a conflict like the Palestinian-Israeli one, respondents could either feel social pressure to show patriotism and ingroup loyalty and thus present attitudes of hostility, mistrust, and prejudice against the other side, or, on the other hand in order to feel good about themselves or portray a positive image they may want to present themselves as less biased, more trusting and fair than they actually are. In either case, these self-reports will be a distortion of their real attitudes and behavior and provide noisy and biased results. In a review of 122 studies Greenwald et al. (2009) found that when measuring racial attitudes of blacks and whites in the United States the predictive validity of self-report
measures was remarkably low especially compared with implicit attitude tests. Researchers have also repeatedly shown that people tend to have self-serving assessments of their traits, abilities, as well as in predictions about their behavior. For example Epley and Dunning (2000) found that subjects in their experiments consistently, and grossly, overestimated the likelihood that they themselves would act in a selfless and altruistic manner.

Second, validity of self-report measures are also challenged by vast findings in the social psychology literature that in sensitive cases such as intergroup relations respondents may not always be aware of what motivates them to take certain actions due to lack of access to their own cognitive processes. Thus, when asked in a survey question how they would act, implicit attitudes, which may significantly affect judgment and action in real life, will not even come up in self-reported responses. Moreover, these types of attitudes may be activated most strongly in the context of live interaction than in the abstract context of a survey (Nisbett and Bellows 1977). Thus, responses to a survey question on how much a person would trust or be willing to cooperate with a Palestinian or Israeli may elicit a very different reaction than the behavior we may observe if the person is asked to actually interact with a person from the other nationality around a cooperation task. Therefore, with surveys it would be much harder to get at the relational aspects of the attitude or behavior we are trying to assess.

Lastly, LaPiere’s classic study (LaPiere 1934)\textsuperscript{10} and the immense research that followed, highlighted the fact that people’s responses to hypothetical questions can

\textsuperscript{10} LaPiere (LaPiere 1934) travelled across the United States visiting 251 hotels and eating establishments together with a young Chinese couple. While on their trip they were only refused service once, in a survey sent to the proprietors of the establishments six months later, 90\% responded that they would refuse to accept a member of the Chinese race as a guest in their
greatly vary from their actual behavior in real life situations, since saying you will do something is costless compared to actually doing it (Ajzen, Brown, and Carvajal 2004; Bishop and Heberlein 1986; Carlsson and Martinsson 2001; Carpenter 2002; Chang, Lusk, and Norwood 2009; List and Gallet 2001; Lusk and Schroeder 2004; Murphy et al. 2005). For example, in our case, it would be costless for an Israeli to respond to a survey question saying that she would never trust a Palestinian, versus actually foregoing real earnings in a behavioral task that requires trusting a Palestinian partner in order to improve financial payoffs. Alternatively, it would also be costless for a Palestinian to respond to a hypothetical survey question that they would always be fair towards an Israeli compared with actually having to transfer some of their own money to an Israeli partner in a task which tests fairness. In a different context, Harison and Rutstroem (2008), found that when people are asked hypothetically what they would be willing to pay to maintain an environmental good (e.g. the vista of the Grand Canyon), they systematically overstate their true willingness to pay. A recent study of health behavior found that between 26% and 57% of respondents failed to carry out their stated intentions to use condoms, to undergo cancer screenings, or to exercise (Webb and Sheeran 2006).

The results of these various challenges related to self-report measures of attitudes and behavior are reflected in findings of lack of correlation between survey questions, which attempt to measure norms such as trust, and actual behavior. In a much-cited study, Glaeser et al. (2000) compared the results of responses to the GSS trust questions with trusting behavior in experimental games and found that participant responses to the survey questions did not correlate with trusting behavior in the experimental game. Also, establishment. This result raised questions about the correlations between self reported attitudes and actual behavior and led to a large body of follow up studies.
several studies (Ashraf, Bohnet, and Piankov 2003; Johansson-Stenman, Mahmud, and Martinsson 2006) have found that responses to survey questions regarding the number of voluntary organizations a person belongs to, another commonly used proxy for measuring trust, are not correlated with trusting behavior (see also Danielson and Holm 2002; Etang, Fielding, and Knowles 2010).

Therefore we see that when trying to measure norms of behavior such as trust, fairness and cooperation, observational methods present certain challenges that may lead to biased and distorted responses, raising doubts as to whether, used on their own, they can provide valid measurement of norms of behavior in an emotionally charged case such as the Palestinian-Israeli conflict. As the next section will detail, experimental games help to overcome some of these challenges by allowing the researcher to observe and measure actual behavior in a controlled environment.

The Contribution of Behavioral Experiments towards the Study of Intergroup Relations

There are two overarching characteristics of behavioral experiments that make them a strong method for the study of intergroup norms of behavior. First, experiments provide the researcher with the control to design the conditions and environment within which participants interact, including randomly assigning participants to different experimental conditions. This part of the experimental design helps to overcome the main identification problems associated with the use of observational data, such as confounding variables and self-selection. As a result, the researcher can establish strong causal inferences in ways that would not be possible with observational data alone (Gerber and Green 2000). Second, behavioral games allow for the observation of actual
individual behavior in the context of decisions that have real costs and rewards attached to them. This characteristic of behavioral games ensures that the task will be salient for participants and reveal their true preferences and behavior, helping to overcome some of the biases associated with self-report measures of attitude and behavior. Coupled together, these methodological advantages make behavioral experiments a strong tool for empirically demonstrating and measuring norms of behavior, especially in the context of socially sensitive domains such as intergroup relations.

Experiments offer the researcher control to design the conditions and environment within which participants act. In my experiments I determined the material payoffs participant’s received, the information they possessed about the game and about their partners, the order in which choices were presented to them, the timing of their decisions and whether the game was one shot or repeated. I used this control to ensure that each player played with partners from their own gender and that the only variable that differentiated between the experimental conditions was the ethnicity of each player’s partner in the games. I was therefore able to isolate and examine separately the effect of ethnic identity on behavior in the game while controlling for other confounding variables (Charness 2010; Ostrom 2006; Webster and Sell 2007). Any differences on the dependent variable—trust, fairness and cooperation—could thereby be attributed to the manipulation (identity of the partner). Disentangling and isolating the causal effect of the factors to the same extent would have been immensely difficult if I had chosen to use only observational methods.

In addition, the control afforded by experiments, allows the researcher to juxtapose and test the explanatory power of competing explanations that are difficult or
impossible to disentangle in real-world settings (Habyarimana et al. 2009). For example, the control over the information players had about the identity of their partner and the control over the order and type of decisions they faced allowed me to isolate, contrast and compare between contrasting individual motivations of utility maximization on the one hand and group grievances and emotions on the other hand. This allowed me to investigate the underlying processes that were driving players’ behaviors and not just the final outcome of the interaction.

Furthermore, the random assignment of subjects to treatment and control groups is one of the key differentiators between experiments and observational methods (Gerber, Green, and Kaplan 2004; Iyengar 2009; Kinder and Palfrey 1993). Random assignment allows the researcher to be confident that unrelated factors do not vary consistently across the subject pool and that the only systematic difference between the subjects is the treatment itself. This is much harder to achieve with observational data methods, where variation across the different conditions is outside of the control of the researcher (Gerber, Green, and Kaplan 2004) and problems arising from confounding variables and self-selection bias arise. In the present experiments, Israeli and Palestinian participants were randomly assigned to one of three conditions that varied in the type of partner players faced: an anonymous partner, an ingroup partner, or an outgroup partner. The groups were equal in all respects, in known, unknown, measured and unmeasured factors, except for the treatment itself, the manipulation of each player’s partner’s identity.

Beyond overcoming identification problems associated with observational data methods, behavioral experimental methods also help to overcome the biases associated with self-report measurements of attitudes and behavior attained through surveys and
interviews. Behavioral experimental methods directly test and provide observable measures of actual behavior with a degree of clarity most often not feasible in other methods such as surveys (Gachter 2007, Kinder and Palfrey 1993b; McDermott 2002; Weber and Camerer 2006). Moreover, sensitive issues don’t necessarily have to be asked directly (e.g. through a question) but can be assessed in indirect ways such as games, where the participants are not always aware beforehand of the exact goal of the researcher. Crosby, Bromley, and Saxe (1980) found that when comparing between survey data and experimental behavior regarding the sensitive issue of discrimination (in their case racially discriminatory attitudes of whites), discriminatory behavior was more prevalent in the behavior experiments than the survey data initially led to believe. In the current study, participants were therefore told that they would be participating in an experiment in “decision making” with no explicit reference to the fact that the decision-making games they would be playing would be in the context of intergroup relations between Palestinians and Israelis. Moreover, when testing norms of trust I used a decision game that does not explicitly mention the word trust but rather indirectly tests trust by observing participant’s strategic choices throughout the game. Therefore, by observing actual behavior and allowing flexibility in the way issues are presented, experiments provide both an unobtrusive way to get at implicit attitudes as well as help limit the misrepresentations and bias associated with self-reports of explicit attitudes and behavior.

Experimental games also provide a way to tie financial incentives to behavior, helping to ensure that the task is salient and that players take their decisions in the game
seriously, making behavior more reliable and "real" (Falk and Heckman 2009). In the present games, misrepresenting preferences or your true behavior, such as acting more altruistic than a person actually is, was costly. For example, in the dictator game (to be explained below) participants could not merely say they would be altruistic towards their game partner but actually had to act on it by transferring part of their earnings to their partner. We could thus be more confident that even in such a socially sensitive topic as the Palestinian-Israeli conflict, where, similar to issues of race and gender, there is a higher tendency on the part of participants to distort their answers, participants would be less likely to misrepresent their preferences as this would be costly (Cardenas and Carpenter 2005). In their meta-analysis Camerer and Hogarth (1999) find that the effects of financial incentives in experiments, while mixed and complicated, can be interpreted as shifting behavior away from an overly socially desirable presentation of oneself to a more realistic one.

However, while it is clear that experimental methods provide the chance to substantially deepen and enhance our knowledge of human behavior, they also present their own challenges (Levitt and List 2007; Iyengar 2009; McDermott 2002). Critics of the experimental approach claim that experimental games are too simplified to adequately investigate and solve the macro questions that are of interest to political scientists (for example impact of institutional collapse on ethnic conflict etc.)(Green and Gerber 2003).

However, it is important to take into account that a good theory often begins with the

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11 It is important to note that there is a theoretical divide between economics and other social sciences especially psychology regarding the use of financial incentives in experiments (for discussion of this issue see Ariely and Norton (2007); Hertwig and Ortmann (2001). Economists presume that experimental subjects will work harder and more effectively if they earn money based on performance while psychologists believe that intrinsic motivation is usually high enough to produce effort even in the absence of financial rewards.
simple cases first (Fehr et al. 2003). The simplicity of an experiment helps to make strong causal inferences regarding some of the underlying and baseline behaviors of interest and the interaction of relevant variables. Subsequently, these results can be replicated, expanded and combined with other methods in order to assess and solve larger puzzles. As a result of the clear order of operations of experiments, other researchers have the ability to easily replicate them and verify their findings independently, strengthening the robustness and external validity of the results and expanding their application to larger scoped questions (Camerer and Fehr 2004; Charness 2010; Fehr et al. 2003).

In the case of the current study, the experiments are not aimed at providing a complete theory of intergroup conflict and cooperation. Rather, the games I used aim to test the basic motivations of individual level interactions and assess the merits of existing theories by testing the way identity affects people’s strategic decisions in their interaction with ingroup and outgroup partners. The evidence provided regarding the behavior of Palestinians and Israelis can subsequently be used to help adjudicate between the different approaches to intergroup relations and raise new questions to be investigated in the future by replicating the experiment under different conditions and with new variables.

A second and related concern that has been raised is that experiments can be “artificial” and unrepresentative of real-world environments. The claim is that the external validity of the experimental results can be questioned because people’s behavior in the lab is specific to the experimental situation and unconnected necessarily to their behavior in the field (Bardsley 2005). The question of whether the differences between the laboratory and the real-world have behavioral implications is an empirical matter still
under consideration. Behavior in laboratory environments has been shown to be positively correlated with "real life" behavior in a number of realms. Karlan (2005) finds that behavior in trust and public goods games is correlated with the propensity to repay microfinance loans. Falk (2007) finds that behavior in a public goods game was highly indicative of general willingness engage in local public goods provision. Bouma, Bulte and van Soest (2008) show that results from the trust game are correlated with investments in community projects in India. Moreover, even if the experimental environment is to a certain extent artificial, it is can still provide important qualitative insights measured in a controlled setting and subsequently tested in the field (Levitt and List 2007). In addition, the growing use of online experiments, such as the ones implemented in the current study, are seen as increasingly reflecting "realistic environments" (Iyengar 2009) given the extensive daily use by individuals of platforms of interaction such as Facebook, Flicker, online forums and others.

Lastly, social scientists in general and political scientists in particular are often apprehensive about the generalizability of experimental results due to what they see as the extensive reliance of experimentalists on an unrepresentative subject pool, namely university students (for discussion of this issue see for example Druckman and Kam 2009; Falk, Meier, and Zehnder 2010; Green and Gerber 2003). The claim is that because student samples are not necessarily representative of the general population (e.g. they differ in terms of social background, age or cognitive skills) they may also differ with respect to the social preferences that are being investigated. In the current study we chose

12 For additional studies which compare behavior in between the lab and the field and a more in-depth discussions of the complementarity between the two see Bardsley (2005); Benz and Meier (2006); Carpenter and Seki (2005); Croson and Gächter (2010); Falk and Heckman (2009); Gaechter (2007); Henrich et al. (2004); Levitt and List (2007); List (2006).
to work with a student subject pool for several reasons. First, student subject pools allow us to establish a clean benchmark result, which can then be taken as a starting point for investigating generalizability to other social groups (Gaechter 2009). In addition, results from extensive research (especially in economics), while mixed, suggest that in most settings university student’s behavior is statistically similar to other groups. For example, Falk et al. (2010) run two experiments to empirically investigate whether laboratory experiments with student samples misrepresent the importance of social preferences. They find that experimental studies relying on undergraduate students as participants are unlikely to systematically overestimate the importance of social preferences (see also Burks, Carpenter, and Verhoogen 2003; Dohmen et al. 2008; Egas and Riedl 2008; Fehr and List 2004, but on the other hand see Henrich et al. 2004). Second, in our case, students may be more familiar and used to interaction online (e.g. on Facebook), such as the one used in my experiments, than other subject pools. Moreover, importantly, my research employs games and survey questions that have been broadly used with other subject pools, facilitating the comparison and comparability of our results and enhancing their generalizability. Moreover, as Henrich, et al. (2010) state, one of the main challenges of experimental findings has been their reliance not just on university students but rather on a homogenous subject pool from Western democratic societies. On this front, in providing cross-national data from two populations from the Middle East, my research helps expand the comparative data on individual norms of behavior. I provide not only data on how Palestinians and Israelis interact, but also baseline data on the levels of trust and fairness in each of these communities on their own.

In summary, behavioral experimental methods provide advantages for the
investigation of socially sensitive cases such as the case of interethnic relations. Nonetheless, as Falk and Heckman appropriately state “...it is important to acknowledge that empirical methods and data sources are complements, not substitutes. Field data, survey data, and experiments, both lab and field, as well as standard econometric methods can all improve the state of knowledge in the social sciences. There is no hierarchy among these methods and the issue of generalizability of results is universal to all of them” (Falk and Heckman 2009, 8). Moreover, the question of the extent to which surveys and behavioral experiments each predict actual real-world behavior is still under empirical investigation. As will be discussed later on, there is a need to better understand the contribution of each method to our ability to assess and predict real-world behavior and the ways in which the methods can be combined as well as triangulated with other real-world data in order to provide broader and empirically stronger findings regarding people’s attitudes and behavior.

As the next section will detail, the experiments of the current study included two behavioral games, the trust game and the dictator game, which have been widely used to test norms of behavior in different contexts. These games are especially suited for the investigation of the intergroup norms of behavior that are the focus of this study—trust, fairness and cooperation—as they help to isolate and test these specific norms in a simple and clear way. Moreover, their extensive use around the world provides important baseline comparisons from other groups and societies. The next section will describe the trust and dictator game, provide some of the baseline results found in different societies where these games have been implemented and review some of the limited but growing
research which has used these games to test the effects of identity on intergroup norms of behavior.

The Trust Game

The trust game, first developed by Berg, Dickhaut, and McCabe (1995), is one of the most common operationalizations of trust used in the experimental literature. The game has allowed researchers to examine the correlation between individual characteristics and trust, and its growing use has provided a platform for cross cultural comparisons as well as the study of sensitive topics such as discrimination and stereotyping.

The trust game consists of a sequence of moves between two players who are both fully informed in advance of the game’s structure and payoffs. One player, Player A, is in the role of a sender (trustor) and the other player, Player B, is in the role of the receiver (trustee). Player A is provided with an initial endowment and has the right to move first, deciding what amount, if any, of their endowment they want to transfer to Player B. Any amount that Player A decides to transfer gets tripled and then given to Player B. Subsequently, Player B has the opportunity to transfer any amount, or none, of the money he or she received back to Player A. After Player B has sent his or her chosen amount the game ends. Player A gets to keep the original endowment minus the amount he or she transferred to Player B plus any amount Player B chose to send back. Player B keep the amounts he or she was given minus the amount he or she decided to send back to Player A.

The efficient outcome, which maximizes the total pie, would require Player A to transfer all of his or her resources to Player B (as these resources would then be tripled).
However, in theory, a self-interested Player B will keep everything and transfer back nothing, and Player A anticipating this, will not transfer any money to Player B to begin with.\textsuperscript{13} Therefore, the equilibrium of the game is for Player A to transfer nothing given to lack of trust in Player B’s trustworthiness.\textsuperscript{14} If, on the other hand, Player A does not chose this selfish strategy, the researcher can infer that he or she deliberately chose not to do so and can make inferences about his or her motives. The degree of trust is seen as the amount of money transferred by Player A to Player B (and the amount Player B sends back is understood to reflect his or her trustworthiness).

In the context of this game, trust is therefore defined as an action that involves Player A’s willingness to accept vulnerability by transferring money to Player B with no enforceable commitment from the trustee (Rousseau et al. 1998; Coleman 1994; Cox 2004). This action on the part of Player A is based upon positive expectations of the intentions of Player B that he or she will not be exploited by Player B, even though the incentive structure facing Player B suggests otherwise. A trusting action, thus, creates the possibility of mutual benefit if Player B is cooperative, and the possibility of individual loss, if Player B is opportunistic. At its core, trust involves a strategic relationship between these actors, and involves risk taking, the extent of which is determined by the degree of confidence that one has in others.

In contrast to the equilibrium assumption that Player A will not transfer any money to Player B, an extensive number of experiments have found that both Player A and Player B tend to send money to each other (Berg, Dickhaut, and McCabe 1995;\textsuperscript{13} The assumption of the canonical economic model is that individuals seek to maximize their own material gains in these interactions and expect others to do the same.\textsuperscript{14} Note that as will be described in a section below, there is a discussion in the literature regarding other preferences that may be captured in the transfer of money in the game such as risk management and “other regarding” preferences.}
Camerer 2003; Camerer and Fehr 2004; Fershtman and Gneezy 2001; Ostrom and Walker 2005). While results across subject pools vary, a meta-analysis of experimental results by Johnson and Mislin (2008) shows that, on average, Player As (trusters) send around 50% of their endowment (see also Camerer 2003 for similar results and for a review of international data see Coleman and Lopez 2010; Cardenas and Carpenter 2008).

Since the Berg, Dickhaut, and McCabe (1995) experiment, the trust game has been implemented in hundreds of studies. Data from these experiments shows that counter to the expectations for selfish behavior, players A and B across all societies tend to transfer money to their partners. However, most of these studies have used minimal groups (created especially for the purpose of the experiment) and in the cases when real-world groups were used, tended to focus on blacks and whites in the United States. Increasingly however, researchers have begun to implement the trust game in different countries with diverse real-world groups, creating baseline comparisons for the behavior of individuals from across the world (see Cardenas and Carpenter 2008 for a review of some of the international findings). Moreover, there is an important and mounting body of work which is providing empirical evidence, measured through experimental games, for the way in which identity and group attributes affects individual norms of behavior. Specifically, these studies have shown the way in which games can help us better understand not only the outcomes of intergroup interactions but the motivations which lead to these outcomes. The existing findings have provided evidence, whilst at times mixed, as to the tendency of individuals towards bias in favor of the ingroup. The
following will highlight the studies in which trust games have been used to test and measure intergroup norms of behavior.

In one of the key studies, which uses game play to test for ethnic discrimination, Fershtman and Gneezy (2001) play trust, dictator and ultimatum games with Israeli Ashkenazi and Eastern Jews, two groups between which there are persistent economic gaps (Eastern Jews typically belong to lower socio-economic segments of society). What is unique about their experiment is not only the use of game play to test for ethnic discrimination, but also the way in which they use a set of games to disentangle the different motives of the players, a method my research applies as well. Playing a trust game, Fershtman and Gneezy find the amount of money transferred to players of Eastern origin was significantly lower than that transferred to players of Ashkenazi origin. Interestingly, the systematic mistrust of players of Eastern origin was common not only among Ashkenazi players, but also among Eastern players, who, themselves, discriminated against players from their own group. In order to understand whether this discrimination was a result of ethnic stereotypes or a taste for discrimination they also played a dictator game. By comparing the transfers in the trust game with those of the dictator game, they conclude that ethnic discrimination in the trust game is indeed the

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15 Ashkenazi Jews are Jews whose origins are in Europe and North American while Eastern Jews are of African, Middle Eastern and Asian origin.
16 As explained below, the dictator game is a one-stage game in which Player A decides how much of the initial endowment he or she is given they want to transfer to Player B who, in this game, does not have any strategic role. Thus ethnic stereotypes, which may provide signals regarding Player B’s strategic behavior during the second stage of the game in the case of the trust game, have no bearing on this game. Therefore, any transfer distribution differences in the dictator game is seen by Fershtman and Gneezy as being due to a taste for discrimination.
outcome of ethnic stereotypes rather than a reflection of a “taste for discrimination” (see further explanation below).

Fershtman, Gneezy, and Verboven (2002) also find intergroup mistrust and discrimination in their work on the impact of linguistic segmentation in Belgium, where they play a trust game and find evidence of discrimination between the Walloons and Flemish. Regarding interracial interaction, Eckel and Petrie (2009) implementing a trust game where players have the choice of buying a photo that reveals the gender and ethnic identity of their partner, show that people take physical cues, such as ethnicity and sex, to differentiate their trust and trustworthiness. Specifically, they find that white Player As use the information to discriminate, transferring significantly less money to black than to white Player Bs (see also Simpson, McGrimmon, and Irwin 2007). In a study with South African subjects, Burns (2004; 2006) conducts trust games to examine the impact of racial identity on trust. She finds a systematic pattern of distrust towards black partners, even by black players (Player As), largely attributable to behavioral stereotypes. Moreover, consistent with notions of racial stigma, white proposers are significantly less likely to even engage in a strategic interaction at all when paired with a black partner (see also Haile, Sadrieh, and Verbon 2008).

On the other hand, Willinger et al. (2003) run a one-shot trust game with French and German players and find that while German players send significantly more money in comparison with French players, there is no intergroup discrimination (e.g. the nationality of the partner does not effect the level of trust). Similarly, Bouckaert and Dhaene (2004) do not find evidence of discrimination in a trust game in which male small business owners of Turkish and Belgium ethnicity are matched with each other.
They find that the average levels of trust and reciprocity are independent of the player’s ethnic origin and also independent of the ethnic origin of the player’s partner in the game. Buchan, Johnson, and Croson (2006) use a trust game to test the effect of social distance on other regarding preferences such as trust between participants from Japan, Korea, China and the U.S. They find that while American players discriminate showing an ingroup bias, Japanese and Korean students do not, and Chinese students actually trust and reciprocate more with outgroup members than with ingroup members.

Despite the growing implementation of trust games with international subject pools and the increasing number of studies using experimental games to test the effects of identity on behavior, very few studies have used the trust game to test intergroup behavior between groups engaged in realistic conflict. One of the only studies I am aware of is an unpublished study by Hennig-Schmidt et al. (2007) who, seeking to study the relationship between behavior and beliefs, implement a pen and paper intercultural trust game between Germans, Israelis and Palestinians.\(^{17}\) Their study differs significantly methodologically from my own and is limited in scope, but it is one of the only studies I found that applies games to the study of real-world groups involved in conflict and it demonstrates the relevance of using the experimental method for the study of intergroup relations. Their results, interestingly and in contrast to my own findings, do not show any significant systematic ingroup bias between Palestinians and Israelis in the trust game. They do find that while players’ beliefs match with the actual behavior of partners from their own country they misjudge the behavior of players in the other countries, something

\(^{17}\) They use a small subject pool with 90 participants in all, 15 subjects per experimental condition.
they believe that when translated into daily interactions can trigger and enforce distrusting behavior.\textsuperscript{18}

In my own research, I expand and try to broaden the findings of Hennig-Schmidt et al. (2007) and others, not only by focusing on Israelis and Palestinians but also by coupling the trust game together with the dictator game, helping us to better understand the motivations of Israelis and Palestinians in their interactions with each other. The next section will describe the dictator game, followed by a discussion of the advantages of combining the trust and dictator games together.

**The Dictator Game**

The dictator game is one of the most widely used experimental games, often referred to as “a workhorse within experimental economics” (List 2007). The game has been widely used in the field of behavioral economics and beyond to test theory and the prevalence of social preferences. In the present experiments the dictator game was used to measure norms of fairness between Palestinian and Israeli players as well as to separate and better understand the different motives that may be entangled in the trust game, such as trust, strategic cost benefit calculations and fairness.

The dictator game is a two player game in which “the dictator” can chose to divide

\textsuperscript{18} Our ability to compare results with the Hennig-Schmidt et al. (2007) study is limited due to methodological differences. They use a pen and paper approach which does not provide for direct simultaneous interaction, and have the same player play three sequential games with three different partners one from each nationality (Israeli, Palestinian and German). In our games, each player played a trust and dictator game with only one type of partner who was either anonymous, from their ingroup or their outgroup. In addition they only apply a trust game without a dictator game, which limits their ability to break down and disentangle the motivations of behavior in the trust game (see section below for discussion). Nonetheless, as opposed to my own findings they find no significant systematic bias in the trust game between Israelis and Palestinians and that Israelis make low transfers to all of their partners while Palestinian players make the highest transfers out of the three groups (in our research Israelis transferred higher amounts than Palestinians).
a fixed sum of money with their partner who must accept whatever the dictator proposes (Camerer 2003; Forsythe et al. 1994; Kahneman, Knetsch, and Thaler 1986). The dictator game has similar procedures to the trust game, only that in this case Player B does not have a decision to make and thus does not have the opportunity to return any of the money transferred to him or her by Player A. Due to the fact that Player B in the dictator game has no say in the distribution of the pie (he or she receives whatever Player A decides to transfer to them), Player A, the “dictator”, cannot be motivated by trust nor does Player A need to be “fair” in order to ensure Player B’s reciprocity. The design of the dictator game eliminates any strategic considerations from player A’s offer and the game is therefore seen as measuring other regarding preferences such as fairness on the part of player A. Based on pure self-interest, player A in the dictator game should keep all the money and not transfer anything to player B. However extensive research has found that player As generally transfer a nontrivial sum of money to their partners (for a review see Camerer 2003). Typically, more than 60% of participants transfer a positive amount of money, with the mean transfer roughly 20% of the participant’s endowment (Camerer 2003; Fershtman et al. 2009). In the current study, the manipulation of the ethnic group of player B allowed us to measure whether and to what extent fairness was conditioned on the ethnicity of player B. Any observed difference in the transfers Player As made to ingroup partners in comparison with outgroup partners reflect differential levels of fairness toward the ingroup and outgroup.

As with the trust game, a growing group of scholars have begun to implement the dictator game with diverse subject pools from across the world. Findings have shown that, while there is variation in levels of giving across different societies, in all societies
individuals do not adhere to the canonical model of self interest and transfer a certain percentage of their endowment to their partner (for review of some of the international data see Cardenas and Carpenter 2008; Henrich et al. 2004). The reasons why people tend to give money in the dictator game have been explained as inequality aversion (whereby while people dislike earning less than their counterparts they also have a distaste for earning more than their peers) (Bolton and Ockenfels 2000; Fehr and Schmidt 1999; Fershtman, Gneezy; List 2009; Korenok, Miller, and Razzolini 2008), a positive utility they get from the act of giving, a “warm glow” (Andreoni 1990), politeness and conformation to social norms (Camerer and Thaler 1995) as well as self image management (Murnighan, Oesch, and Pillutla 2001).

However, as with the trust game, few researchers have used the dictator game to test norms of fairness between real-world groups. Nonetheless, there are a few key studies, which the current research builds on, that have played dictator games between members of different identity groups in order to test intergroup norms of behavior. The results of the studies are mixed as far as findings of inherent ingroup bias, but, as the following examples show, where intergroup tensions are tenser and salient researchers have tended to find higher levels of intergroup bias. Habyarimana et al. (2009) play the dictator game with players from different ethnic groups in Uganda, finding that players exhibit no propensity to act along ethnic lines and no evidence for ethnic discrimination in fairness and altruistic behavior. Fershtman and Gneezy (2001) also find no evidence for a group effect in the dictator game between Ashkenazi and Eastern Jews in Israel. Players in their dictator game do not behave more favorably towards partners from their own group versus partners from the outgroup.
On the other hand, in a series of dictator games in South Africa, Burns (2003) used photographs to reveal the racial identity of players’ partners. She finds that while Black and Coloured proposers make significantly higher offers to Black recipients in the game, White proposers make significantly lower offers towards Black partners. Similarly, Van Der Merwe and Burns (2008) play the dictator game between Blacks and Whites in a university in South Africa. They find that while Black participants did not vary their offers based on the racial identity of their partners, White participants were more generous towards White partners than Black partners.

Despite the importance of testing norms of fairness in times of conflict the game has rarely, if ever, been implemented between members of rival groups engaged in active hostilities. One important example of the use of the game to better understand the impact of conflict on norms of behavior is Whitt and Wilson’s (2007) study of norms of fairness in a post conflict society. Whitt and Wilson play a dictator game with subjects who reside in Bosnia-Herzegovia. While they do find a certain level of ingroup bias and outgroup discrimination it is lower than would be expected and mostly characteristic of participants who show strong commitment to their ingroup identity. They also find considerable amounts of fairness both within and between ethnic groups and conclude that an interethnic norm of fairness exists in Bosnia and, according to them, is a reflection of the fact that the roots of the conflict in Bosnia were not derived from widespread and enduring ethnic hatred. Their study underscores the way in which experimental games can challenge and provide better understanding of underlying assumptions made by theory, in the case of Bosnia the notion that especially in such charged environments one would expect ingroup favoritism and outgroup bias to be the norm and intergroup
relations to be characterized more by contention than cooperation. Experimental methods provide a systematic way to examine the extent to which these assumptions play out in individuals’ actual behavior towards each other.

While building on these findings, my research goes beyond them by applying the dictator game to measure norms of fairness between groups engaged in active conflict, an environment in which we would expect ingroup bias to be especially strong and intergroup norms of fairness weak. In addition, as the next section will discuss, by coupling the dictator game with the trust game I also leverage the results of the dictator game to break down and better understand the motivation of players in the trust game.

**Coupling the Trust Game with the Dictator Game**

Beyond capturing the effect of group identity on norms of fairness, the dictator game can also be coupled with the trust game in order to help disentangle some of the motives that may be at play in the trust game. While amounts transferred in the trust game are typically viewed to indicate a level of trust, there is a debate in the literature regarding the different motives that are actually tangled up in and measured by the trust game such as other regarding preferences like fairness (Ashraf, Bohnet, and Piankov 2003; Bolton and Ockenfels 2000; Cox 2004; Fehr and Schmidt 1999; Hong and Bohnet 2007; Karlan 2005; Schechter 2007; Wilson and Eckel). In other words, Player A in the trust game may transfer money not only because they trust Player B to share the larger pie, but also because they are altruistic and fair and transfer money to Player B without any expectation of return. In order to disentangle the different motives, the trust game is often coupled with a dictator game. Due to the fact that in the dictator game Player A has no expectation that Player B will return any money, any money which Player A transfers
is seen as directly and more purely measuring other regarding preferences such as fairness. Thus, based on Cox (2004; 2009), when the two games are coupled, subtracting the amount sent in the dictator game (which reflects the level of fairness) from the amount sent in the trust game (which may combine trust and fairness), provides a measure of behavioral trust or at minimum a measure of the how much of the behavior in the trust game was driven by preferences other than other regarding preferences. Cox finds that results from this method show that players in the trust game send money both because of trust and because of unconditional altruism (see also Ashraf, Bohnet, and Piankov 2003; Capra, Lanier, and Meer 2008; Holm and Danielson 2005). Fershtman and Gneezy (2001) use the dictator game to assess whether the ethnic bias they find in the trust game between Ashkenazi and Eastern Jews is a result of ethnic stereotypes (that Player’s mistrust their partners) or a taste for discrimination. According to them, when the trust and dictator game are used together, if we find ethnic bias in a dictator game (where the amounts of money transferred to Player B are affected by his or her ethnicity), this is a strong indication for the existence of a taste for discrimination and thus we can assume that this and not ethnic stereotypes (mistrust of the other player) are at play in the trust game.

Therefore, we see that coupling games together allows us to further isolate and understand not only the outcomes of intergroup interactions, but also the processes and motivations behind players’ behavior. Building on these two approaches, in my study a trust game and dictator game were both implemented to control for the fairness intentions of Player A as well as to discern the existence of strategic calculations in the trust game and a taste for discrimination. Moreover, similar to Ashraf, Bohnet, and Piankov (2003), I
used a within subject design, whereby the same player played both the trust and dictator games, ensuring consistency of individual preferences when controlling for these motivations. Thus, by subtracting the amount sent by a player in the dictator game from the amount sent by the same player in the trust game, I can disentangle and measure how much of the behavior of Player A in trust game was driven by fairness (measured by the amount sent in the dictator game), and how much (the additive difference between the games) was a result of other motivations such as trust or strategic behavior aimed at increasing profits. The ability to use the two games to disentangle players motives to this extent highlights the great advantage that experimental methods provide for the study of intergroup relations. This method allows us to disentangle, compare and better understand the underlying motivations and processes that drive intergroup norms of behavior in a way which would be hard to achieve with alternative methods.

Conclusion

In summary, as this chapter discussed, while much of the political science literature on intergroup relations makes distinct assumptions about intergroup norms of behavior and the ways in which these motivate intergroup conflict and cooperation, it has either lacked a systematic empirical test of these norms or has relied heavily on observational methods that present challenges for the measurement of attitudes and behavior in socially sensitive areas such as intergroup relations. On the other hand, experimental games, which provide advantages for the analysis of intergroup norms of behavior, have been extensively used in behavioral economics and social psychology but only in limited contexts such as minimal groups and race relations and have rarely been applied towards the study of real-world intergroup conflict and cooperation. The fact that
experimental games allow us to observe people's actual behavior in settings controlled by
the experimenter that allow for random assignment of participants, provide us with the
ability to isolate variables and test causation as well as unobtrusive ways to overcome
some of the biases associated with self report measures of attitudes and behavior.
Moreover, games such as the trust and dictator games, on their own and especially
together, allow us not only a clear way to directly measure norms of trust, fairness and
cooperation, but importantly, to go beyond just the outcome of behavior to disentangle
and better understand the motivations and processes behind individual behaviors.
Chapter 5: The Palestinian-Israeli Conflict

The long-standing Palestinian-Israeli conflict is a particularly intractable, deeply rooted, ethno-national conflict. The conflict, which has raged on since the beginning of the 20th century, has often been described as a prototypical case of an intractable conflict, characterized as lasting at minimum 25 years, violent, and perceived as unsolvable, over goals considered existential, and of zero-sum nature (Bar-Tal, Halperin, and Oren 2010). For several years beginning in the early 1990’s, a peace process was under way that inspired hope, reduced the mutual animosity and led people to believe that the conflict was moving to a more tractable dimension (Bar-Tal and Sharvit 2007; Tessler 2009). However, political events since then, especially since the year 2000, have once again undermined hopes for a settlement of the conflict, escalated the violence between the sides and reshaped the relationships between Palestinians and Israelis. Specifically, the failure of the Camp David summit in 2000, the subsequent outbreak of the second Intifada19, the construction of the separation wall and the 2009 Gaza War have deepened the physical and emotional separation between Palestinians and Israelis (Tessler 2009) and further entrenched the hostilities between the sides.

The fieldwork for the current dissertation took place following the 2009 Gaza war, one of the most violent and extreme moments in the history of the Palestinian and Israeli conflict. The political events and violence leading up to the Gaza war and the war itself created an environment in which the conflict was especially salient in the lives of Palestinians and Israelis. The months after the war, when my experiments were

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19 Intifada is an Arabic word which means "shaking off," though it is usually translated into English as "uprising" or "rebellion". The first Intifada took place in the late 1980's.
implemented, were characterized by a deep sense of threat, hostility and pessimism between the two sides. Taken together, the intractable nature of this longstanding conflict and its extreme manifestation during the time of my fieldwork, while discouraging and saddening, make the Palestinian-Israeli case an especially well suited setting for the empirical study of intergroup norms of behavior. If the underlying assumptions about the norms of intergroup behavior made by the political science and social psychology literatures hold for real-world groups anywhere, we would expect them to manifest here. The timing of my fieldwork provided a rare opportunity to test the existence of norms such as trust, fairness and cooperation and the motivations that shape and drive these norms within a context of a real-world active and salient intergroup conflict. The results of my study will provide rare empirical evidence about the choices that individuals from rival groups engaged in conflict, in my case Israelis and Palestinians, will actually make when facing situations which test their willingness to cooperate, trust and be fair towards others.

This chapter will present a brief high-level overview of the main events that have impacted the Palestinian-Israeli conflict, emphasizing the intractability of the conflict and the events that led up to political and social context in existence at the time my fieldwork took place. The main focus will be on the key events of the past decade, a time in which hopes of reconciliation were shattered and a growing acceptance of the intractability of the conflict took hold (Kreisler 2004). This chapter will thus begin with a general description of some of the characteristics of the Palestinian and Israeli publics followed by a review of the key political events over the past decade leading up to the 2009 Gaza war.
The Israeli and Palestinian Publics – General Background

One of the key fundamental differences between the Palestinian and Israeli societies lies in the current official recognition of and length of existence of each society’s state and electoral institutions. While Israel is an independent state and a well established democracy with regular elections, the Palestinian Authority, as it the Palestinian entity is referred to, is not independent and is still in search of its constitutional makeup (Shamir and Shikaki 2010). The Palestinian Authority was established in 1993 with the signing of the Declaration of Principles of the Oslo Accords. The Accords called for Palestinians to assume administrative responsibility for Gaza and parts of the West Bank while Israel would continue to have security control in some areas and full control in other Palestinian areas (Tessler 2009). A five year transition period was defined, at the end of which a permanent agreement would be negotiated that would transfer control of the West Bank and Gaza to the Palestinians in order to create a single unified state as well as settle permanent issues such as Jerusalem, refugees, settlements and security and borders, which were initially excluded from the Oslo Accords.

However, political events and deterioration of the relationship between the sides undermined the steps of the Oslo process, leading to further fragmentation instead of unification of Palestinian land and deep political rifts within the Palestinian Authority. Moreover, as a result of political conditions, much of the promised control over such things as land and borders was never transferred to the Palestinians and remained under the control of the government of Israel. Therefore, the conflict itself, Israeli settlement building, as well as internal domestic rifts within the Palestinian Authority, led to split of
the local Palestinian population between the West Bank and Gaza strip, governed by Fatah and Hamas respectively.

The Palestinian population, estimated at 2,54,845 people in the West Bank and 1,551,859 in Gaza, is in general characterized by its youthfulness with the median age of 20.9 in the West Bank and 17.5 in the Gaza Strip. Over the past several years unemployment has grown, reaching 19% in the West Bank in 2009 (with 46% of the population under the poverty line) and 40% in the Gaza Strip (with 70% of the population under the poverty line) (CIA Factbook). In comparison, Israel’s population is estimated at 7,588,000 (Israel Central Bureau of Statistics), 76.4% of which are Jewish and 23.6% non-Jewish. The median age is 29.3 years. In 2009, unemployment was around 7.6% (with 23.6% of the population below the poverty line) (CIA Factbook).

The ongoing Palestinian-Israeli conflict is an integral and salient part of the life of average Palestinians and Israelis. Most Palestinians and Israelis experience firsthand and on a daily basis the direct and indirect effects of the conflict and on average people in both societies are highly aware of, knowledgeable about and often engaged in political and current affairs, especially in comparison with citizens of other countries (Asher Arian, Philippov, and Knafelman 2009). Just as an example of the ways in which the conflict touches people’s daily lives, on the Israeli side Jewish Israelis are required to serve an obligatory term in the Israeli military, where some serve time in the occupied Palestinian territories where they experience fear of and actual experience of security

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20 Although it should be noted that especially over the past several years there is a growing sense that with improvements in security conditions and a stable economy, Israelis seem less focused on and interested in the conflict and its resolution. See the recent and much debated Time Magazine article from Karl Vick (2010) discussing this issue: http://www.time.com/time/world/article/0,8599,2015602,00.html
threats. On the Palestinians side, Palestinians experience daily checkpoints, closures and constant constraints on their most basic freedoms.

One indication of Palestinians’ and Israelis’ engagement with current affairs is their high levels of interest in current affairs. While over the years the interest of the Israeli public in political issues has declined from 76% of Israelis who were very interested or interested in politics in 2003 to 66% in 2009 (Arian, Philippov, and Knafelman 2009), an international comparison still indicates that the average Israeli is more interested in politics than citizens in most of the other democratic countries. Only in 2 out of the 32 countries sampled by the World Values Survey was interest in politics higher than in Israel (Arian, Philippov, and Knafelman 2009). Moreover in 2009, 78% of Israelis said they stay informed about what goes on in politics every day or several times a week. Staying informed “appears to be a basic need of most Israeli citizens” (Arian, Philippov, and Knafelman 2009). On the Palestinian side in 2006 the Arab Barometer found that 54% of Palestinians are interested or very interested in political matters and additional polls have shown that 79% of Palestinians reported that they follow the news often or very often (Shamir and Shikaki 2010). Joint Israeli and Palestinian polls (Shamir and Shikaki 2010) have shown that 54% of Israelis and 30% of Palestinians report that they watch the news everyday on Israeli or Palestinian television, respectively (69% of Palestinians say they watch the news almost daily on satellite channels such as Al-Jazeera). Israelis also report in these polls that they listen to the news on the radio twice or more every day. As, for newspapers, 48% of Israelis report reading a newspaper almost daily compared to 13% of Palestinians (Shamir and Shikaki 2010) (literacy rates
are high in both societies - around 97% in Israel and 92% in the West Bank and Gaza strip (CIA Factbook).

Thus, while there are immense disparities and differences between Israelis and Palestinians, it is also clear that the conflict has a salient presence in Israelis’ and Palestinians’ collective and individual lives and on average both publics are highly engaged in the political reality around them.

Context for Current Research - Key Events of the Palestinian Israeli Conflict Leading Up to Gaza War

In November 1947, the United Nations General Assembly voted to end the British mandate over Palestine and to partition the land into a Jewish state and an Arab state. The decision led to the outbreak of the 1948 war between the Jewish and Arab communities which ended with a 1949 armistice agreement, defining the official borders of the State of Israel. However, the 1949 map radically changed again with the 1967 Arab-Israeli war, by the end of which Israel took control and occupied the West Bank and Gaza strip (as well as Egypt’s Sinai Peninsula and Syria’s Golan Heights). With the occupation of the West Bank and Gaza strip the conflict was transformed and reframed around a continuous confrontation between Israel and a Palestinian population living under its direct occupation. The onset of the 1987 Intifada – the first broadly organized uprising in Gaza and the West Bank – further made the occupied territories a focal point of the Palestinian-Israeli conflict (Kelman 2007).

It took a quarter of a century and events such as the 1979 Egyptian Israeli peace treaty, the expansion of the Israeli settlements in the occupied territories, the Lebanon war of 1982, the Intifada of the 1980s and the first Gulf War, before serious Palestinian-
Israeli negotiations began with the aim of reaching a two state solution to end the conflict. In 1993, as a result of secret talks in Oslo between the Palestinian Liberation Organization (PLO) and Israel, a Declaration of Principles was signed by Israel and the PLO. The Declaration’s preamble recorded the two sides’ hope for the future, stating it was time for Israelis and Palestinians “to put an end to decades of confrontation and to live in peaceful coexistence, mutual dignity and security, while recognizing their mutual legitimate and political rights; and reaffirming their desire to achieve a just, lasting and comprehensive peace settlement and historic reconciliation through the agreed political process” (Preamble to the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip).

The Oslo talks were the first direct, face-to-face agreement between the government of Israel and the PLO. The agreements were intended to be a framework for addressing and resolving all outstanding "final status issues" between the two sides as well as setting the framework for future interactions and discussions. However, despite the hopes that the Oslo process raised that the conflict was becoming more manageable, in the ensuing years both sides consistently reneged on their commitments (Shamir 2007) and derailed the agreements, often violently, so that by the late 1990s the process had come to a near standstill.

In July 2000, in an attempt to restart and advance the process and reach a framework for a final-status settlement, President Bill Clinton convened the Camp David Summit with Israeli Prime Minister Ehud Barak and Palestinian Authority Chairman Yasser Arafat. However, for reasons that are still greatly disputed (Pressman 2003; Drucker 2002), the summit collapsed several days after it began without an agreement.
being reached. The breakdown of the summit marked one of the formative moments of the conflict, not only due to its failure but, just as importantly, for the way in which the leaders of the two sides framed the failure. Barak and Arafat both focused on the delegitimization of the other side, emphasizing especially that the collapse of the talks showed there was no partner on the other side and declaring the impossibility of reaching a settlement through diplomacy (Pressman 2003; Rachamim 2005; Shamir and Shikaki 2010).

On the Palestinian side, Arafat and the Palestinian leadership presented the Camp David failure as proof that Israelis were not ready for peace and that Israel would never accept the necessary compromises and was thus not a true peace partner. On the Israeli side Barak also framed the failure of the summit as a reflection of the lack of a real partner for negotiation on the Palestinian side, a lack of willingness of the Palestinians to accept the existence of the state of Israel as well as Palestinian adherence to violent means in order to ensure Israel’s destruction (Bar-Tal and Sharvit 2008). According to this framing, Arafat had not come to Camp David to reach a settlement but rather to lay the groundwork for a violent confrontation with Israel (Rachamim 2005). To further bolster this idea, Barak emphasized that Israel had presented the Palestinians with a very generous offer while the Palestinians were not willing to make any concessions (a framing which has since been contradicted) (Pressman 2003; Shamir and Shikaki 2010). This left the responsibility for the failure on the side of the Palestinians. Subsequently, Israel’s political, social and religious leaders, along with the mass media, intensely circulated this framing (Swisher 2004; Wolfsfeld 2004), which ultimately deeply rooted itself in public perception (Rachamim 2005) and has shaped Israeli perception of the
conflict to this day. Data from a survey carried out at the end of July 2000 showed that 67% of Israeli Jews believed the Palestinian side to be entirely, or in the main part, responsible for the failure of the Camp David summit (Peace Index, July 2000). A majority of Palestinians (58%) on the other hand believed the failure of the Camp David negotiations was because of the issues raised in the summit such as governance over Jerusalem (Shamir and Shikaki 2010).

About two months after the collapse of the Camp David summit, violent clashes erupted between Palestinians and Israeli security forces in what came to be know as the Al-Aqsa Intifada, the second Intifada, the final kiss of death to the Oslo process (Shamir and Shikaki 2010; Tessler 2009). As with the Camp David summit, there are competing narratives about who is responsible for the outbreak of the second Intifada (Rabinovich 2004; Tessler 2009). Nonetheless, the eruption of the violence was seen by many Israelis as convincing evidence for the Palestinian’s premeditated plan to impose their conditions on Israel (Enderlin 2003; Shamir and Shikaki 2010) and thus further strengthened Barak’s framing of the failure of the Camp David negotiations.

In the months that followed, negotiations with the Palestinians ceased, and the level of violence on both sides surged. Pessimism and hawkishness grew. Support for the Oslo process on the part of Israeli Jews plummeted to 35% in 2002 from 58% the previous year and even higher in years before (Asher Arian 2002). The percentage of Israeli Jews who thought that most Palestinians wanted peace slid to 37% in 2002, compared with 46% in 2001 and 64% in 1999 (Asher Arian 2002). On the Palestinian side while in 1995 close to 73% of Palestinian said they supported the peace process (JMCC poll No. 10, October 1995) that number dropped to 46.6% in 2002 (JMCC poll
No. 44, March 2002). Furthermore, polling of Palestinians and Israelis during this time show that with the failure of diplomacy and the outbreak of the Intifada, public opinion on both sides increasingly demanded and supported the use of violent means against the other side, and increased their support of more extreme political groups (Shamir and Shikaki 2010).

The difficult reality on the ground increased the levels of animosity between the sides. If in 1997, 39% of Israeli Jewish respondents described the Palestinians as violent and 42% as dishonest by the end of 2000 the figures were 68% and 51%, respectively (Peace Index, November 2000). By 2001, 56% of Israeli Jews thought that all or most Palestinians support violence against Israel and 17% thought that this was true of half the Palestinians (Peace Index, May 2001). In addition, whereas in 1999, 64% of Israeli Jews believed that the majority of Palestinians want peace, in 2002 only 37% held this belief (Asher Arian 2002), rising somewhat to 43% in 2004. Nonetheless, scattered talks continued between Palestinian and Israeli representatives throughout the fall of 2000 and the beginning of 2001 in an attempt to save the peace process (Shamir 2007). Official talks between the sides resumed in January 2001 in Taba Egypt. However, while these talks provided some progress they did not yield an agreement and remained controversial with regard both to their actual content and to Israel’s Prime Minister Barak’s motivation to exploit them for his own political needs (Shamir 2007).

Soon after the Taba talks, Barak’s political coalition collapsed and in special elections held for the post of Prime Minister, Ariel Sharon, a hawkish former General in the Israeli army, defeated Barak, winning a historic 62.4% of the vote. Moreover, in subsequent parliamentary elections the left (peace leaning) bloc in Israel declined from
46 to 33 seats in the Parliament while the right\textsuperscript{21} (more hawkish side) grew from 33 to 47 seats, significantly shifting the power dynamics of Israeli politics.

In 2002, under Sharon, the Intifada also reached a climax of violence when suicide attacks against Israel peaked and Israel launched Operation Defensive Shield. Israel stated that the operation was a direct retaliation to the ongoing Palestinian attacks on Israeli civilians, especially a particularly deadly attack carried out by Hamas on Passover eve, leading to 29 Israelis dead and 140 injured (Tessler 2009). Defensive Shield was the largest military operation in the West Bank since the 1967 Six-Day war. During the operation, Israel reoccupied the Palestinians controlled areas of the West Bank—demolishing many official buildings, Palestinian neighborhoods, and other infrastructure and reinforcing many Palestinians’ opinion that at the end of the day Israel retained ultimate control over their lives (Zanotti 2010).

Continued suicide attacks within Israel provided the Israeli government with the public support needed to approve and begin construction of a physical barrier between the West Bank and Israel with the stated purpose of preventing Palestinian suicide bombers from entering Israel.\textsuperscript{22} In most areas, the barrier or wall was to be comprised of an electronic fence with dirt paths, barbed-wire fences, and trenches on both sides, at an average width of 60 meters. In some areas (around 45 Kilometers), a wall six to eight meters high has been erected in place of the barrier system.

While significantly enhancing Israel’s security, the wall has also raised an outcry

\textsuperscript{21} In Israeli politics the notions of left and right are perceived differently than in many other political systems. The left most often refers to a preference for a political not military solution to the conflict and the willingness to make extensive territorial and other concessions in return for a peace agreement. The right is usually connected with an uncompromising territorial position based on security and on nationalist/religious grounds (Hermann 2009).

\textsuperscript{22} The initial plan for the barrier had been approved already in November 2000 by then Prime Minister Barak.
from the international community$^{23}$ as well as from within Israel. Much of the criticism is
due especially to the fact that most of the wall’s route runs within the West Bank and not
along the Green Line$^{24}$, thus de facto annexing Palestinian lands to Israel, limiting
freedom of movement for Palestinians, and negatively impacting Palestinian’s social and
economic life (United Nations, Office for the Coordination of Humanitarian Affairs
2009). By January 2009 around 58% of the 709 kilometer long barrier was completed, a
further 105 Kilometers were under construction and 31.5% of the barrier was still
planned (World Bank Report 2009; United Nations, Office for the Coordination of
Humanitarian Affairs 2009).

In addition to the separation wall, with the outbreak of the second Intifada the
government of Israel also increased security scrutiny at crossing points between the West
Bank, Gaza and Israel as well as significantly decreasing the number of permits issued
which allow Palestinians access into Israel and in many cases even halted the flow of
people and goods all together between the Palestinian areas and Israel. Historically, until
1991, Israel allowed Palestinians from the Occupied Territories – except for a relatively
small group of persons identified as security threats – to enter and stay in Israel during
daytime hours. This ability to move around was a crucial factor in the creation of a
Palestinian economy that depended heavily on Israel’s economy (B’tselem 2007). It also
aided in the establishment of social, cultural and commercial ties between Palestinians
from the West Bank and Gaza and Israeli citizens.

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$^{23}$ In July 2004 International Court of Justice issues an advisory opinion declaring the Barrier
constructed in the West Bank contrary to Israel’s obligations under international law (ICJ Legal
Consequences of the Construction of a Wall in the Occupied Palestinian Territory, Advisory
Opinion of 9 July 2004).

$^{24}$ The Green Line is the name given to the 1949 Armistice lines that constituted the de facto
borders of pre-1967 Israel. Its name is derived from the green ink used to draw the line on the
map during the talks.
The growing physical separation and more limited opportunities for social and professional interaction between the sides in the years of the second Intifada is reflected in the change of labor flows between the Palestinian Authority and Israel during these years. On the eve of the Oslo peace process, some 115,000 Palestinians worked in Israel (these numbers are probably understated as they don’t fully capture all the undocumented workers) while by 2007 the number dropped to 68,000 Palestinians who were working in Israel and in the Jewish settlements (B’tselem). The Palestinian Bureau of Statistics estimates that 22.9% of the Palestinian workforce worked in Israel and the Jewish settlements in 1999 but by 2009 that number had shrunk to 10.2%. World Bank calculations show that Palestinian labor flows into Israel between 2000 and 2006 decreased 50% and, since 2006, labor flows from Gaza have been non-existent. Approximately 70,000 jobs previously filled by Palestinians were lost in Israel from 2000 to 2002 alone (World Bank Report 2009).

The limitation on cross border movement and the intense hostilities led to a growing physical and emotional separation between the sides. Whereas in the past, Palestinians came into Israel to work, study and shop, interacting with Israelis and gaining a glimpse of Israeli society, with the construction of the wall and the growing limitation on border crossing, this type of interaction was immensely limited. On average most Palestinians now encountered Israelis only at checkpoints and barriers (Erlanger 2007). On the Israeli side, Israelis became increasingly cut off from the conflict and from any interactions with Palestinians (beyond those serving in military positions in the occupied territories). From many Israeli’s point of view the Palestinians became blurry figures on TV newscasts (Benn 2001). This separation seemed to only increase the
misperceptions and sense of threat between the sides. A 2004 Haifa University survey of Jewish Israeli high school students found that 75% of the students believe that Arabs are not educated, not cultured, not clean and are violent (Kuppermintz, Rosen and Hassaisi 2004). A 2006 poll (Israel Center Against Racism) found that 31% of Jewish respondents felt hatred and 50% felt fear when hearing Arabic on the street.\footnote{The poll related to Palestinian Israelis (who live within Israel and are Israeli citizens) but reflect the general fear and threat felt in regard to Palestinians.}

In 2005, the deadlock with the Palestinians, the growing separation, as well as personal political concerns (an attempt to divert corruption charges aimed at him) led Israeli Prime Minister Sharon, despite warnings from some experts (Shamir 2007), to implement the unilateral withdrawal of all Israeli settlements from the Gaza strip. All Israeli settlements in the strip and 4 more in the West Bank were dismantled with hundreds of Jewish Israeli civilians and army personal removed (some by force) from the strip.

Israel’s withdrawal from Gaza was largely interpreted by Palestinians as a victory for Hamas’s armed resistance to Israel and thus proof of the idea that Israel understands only force. The disengagement bolstered the position of Hamas and strengthened the sense of Palestinians that armed confrontations have helped them achieve national rights in ways negotiations could not (Shamir and Shikaki 2010). A September poll showed that following the disengagement, 73% of Palestinians believed that armed confrontations were helping Palestinians achieve national rights in ways that negotiations could not (JIP\footnote{Joint Israeli Palestinians polls (JIP) run by Palestinian Survey Research Center and the Harry S. Truman Institute for the Advancement of Peace at the Hebrew University of Jerusalem} poll, September 25, 2005 Poll).
On January 4, 2006 Israeli Prime Minister Sharon suffered a stroke (his second), falling into a deep coma in which he lies to this day. Elections followed and Kadima, the party Sharon initiated after breaking off from the right-leaning Likud party, won the elections with Ehud Olmert at its head. Later that January, on the Palestinian side, Hamas won the Palestinian Legislative Council elections, with 44.4% of the vote and 74 out of a total 132 council seats while Fatah gained 41.4%, (Kelman et al. 2010). Following the Palestinian election results, Israel declared that it would not negotiate with a Palestinian administration that included an armed terrorist organization – Hamas - that calls for Israel’s destruction. Israel demanded that Hamas disarm, annul its Covenant that calls for the destruction of Israel, and accept all prior agreements signed between the Palestinian Authority and Israel. The United States also declared that it would not deal with Hamas, a political party that advocates for the destruction of the state of Israel (Migdalovitz 2010).

As several key countries joined the United States and Israel in applying sanctions and cutting off ties with the Hamas led government in Gaza, violence continued to increase between Gaza and Israel. The embargo on Gaza and the refusal to recognize Hamas also increased tensions within the Palestinian Authority between Hamas and Fatah. In June, an escalation of factional fighting in Gaza between Fatah and Hamas led to a military takeover by Hamas of the Gaza Strip. Following Hamas’s violent takeover, Palestinian President Abbas declared a state of emergency, dissolved the unity government and named Salam Fayyad, a former World Bank and International Monetary Fund officer, as Prime Minister. Hamas refused to recognize the legitimacy of the Abbas and Fayyad government and thus a deep political and leadership split was established
between Gaza (where Hamas ruled) and the West Bank (where Abbas’s Fatah party ruled), with the United States and Israel supporting Abbas and Fayyad but refusing contact with Hamas. The firing of rockets from the Gaza strip into Israel intensified as Hamas consolidated its power in Gaza (Bar-Tal, Halperin, and Oren 2010).

United States President George W. Bush, saw the internal split between Hamas and Fatah as an opportunity to return to diplomacy, thus promising to support President Abbas and to lay the foundation for serious negotiations toward the creation of a Palestinian state. The President called for an international meeting “of representatives from nations that support a two-state solution, reject violence, recognize Israel’s right to exist, and commit to all previous agreements between the parties” (Migdalovitz 2007). Subsequently, the Bush administration initiated the Annapolis Conference in November 2007, with the participation of Palestinian President Abbas and Israeli Prime Minister Ehud Olmert. All the core issues of the Israeli-Palestinian conflict—borders, security, settlements, Jerusalem and refugee right of return—were on the agenda. Just prior to the opening of the conference, at the urging of President Bush, the Israelis and the Palestinians issued a joint statement in which for the first time both sides endorsed the two-state solution as a final outcome of negotiations. Although, Israeli and Palestinian representatives held numerous bilateral negotiating sessions throughout 2008 they were not able to reach final agreement (Kelman et al. 2010) and this process, like its predecessors, reached a deadlock. Notwithstanding the joint statement and the positive spirit in which the conference ended, the overall public assessment of its outcomes in terms of advancing the chances of peace tended in the negative direction.

In January 2008, in an effort to pressure Hamas to stop the rocket fire, Israeli
Defense Minister Barak ordered the closing of border crossings from Israel into Gaza, halting supplies of fuel and other products into the strip. However, in June a six-month cease-fire between Israel and Hamas was brokered by Egypt, significantly reducing tensions and violence on the part of the two sides.

For the first five months, the cease-fire held relatively well. Some rockets were fired into Israel, but most were attributed to non-Hamas militant groups, and Hamas appeared increasingly able and willing to suppress even these attacks. Nevertheless, each side felt as though the other was consistently violating the terms of the cease-fire. Hamas demanded that Israel lift its economic blockade of Gaza, while Israel demanded a full end to rocket fire and progress on the release of Israeli corporal Gilad Shalit who had been kidnapped and held by Hamas since 2006. Moreover, Israel cited the sporadic rocket fire as justification for keeping the border crossings and Gaza’s seaport closed to nearly everything but basic humanitarian supplies (Zanotti et al. 2009).

Violence had already resumed in the waning days of the cease-fire, which was independently ended by each side on its predetermined end date of December 19th. As an increasing number of rockets were fired from Gaza into Israel, on December 27, 2008, Israel launched a major military campaign dubbed “Operation Cast Lead”, also known as the Gaza War, in the Gaza Strip. The officially stated Israeli goal of Operation Cast Lead was to diminish the security threat to residents of southern Israel by steeply reducing rocket fire from the Gaza Strip, weakening Hamas, and restoring Israel’s deterrence (Zanotti et al. 2009). In the days prior to the operation public polls (Peace Index,

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27 Israeli sources report that as many as 3,455 rockets and 3,742 mortar shells were fired into Israel from Gaza from 2001 until mid-June 2008. Intelligence and Terrorism Information Center at the Israel Intelligence Heritage & Commemoration Center, “Rocket threat from the Gaza Strip, 2000-2007”, December 2007, available at: http://www.terrorism-info.org.il/malam_multimedia/English/eng_n/html/rocket_threat_e.htm
February 2008) showed that the Jewish population in Israel was supportive of a military operation and even preferred it over any attempts of negotiations. Only a small minority, of less than one-fifth, believed negotiations with Hamas provide the best possibility of preventing further missile fire. The military operations in the Gaza Strip included two main phases, the air phase and the air-land phase, and lasted from late December 2008 to mid January 2009. The Israeli offensive began with a week-long air attack, followed by ground invasion, which began on 3 January 2009 when ground troops entered Gaza from the north and from the east. In the West Bank, during the operation, in addition to the everyday restrictions on movement and access, Israel also implemented a full closure for close to a week. During a closure, even Palestinians with valid permits that allow movement into Israel, are prohibited from crossing the border. Polls (Peace Index, December 2008) taken a week and a half into the operation showed that it enjoyed an overwhelming support from the Jewish public in Israel with 94% of the public supporting or strongly supporting the operation and 92% justifying the air force’s attacks in Gaza despite the damage they cause to infrastructure and the suffering of the civilian population in Gaza. Operation Cast Lead, ended after three weeks on January 18, 2009, with thousands of Palestinians homeless, over 1,100 Palestinians dead and 13 Israeli deaths. Israeli and the Hamas forces in Gaza each unilaterally introduced a cease-fire in Gaza on January 17-18 (Kelman et al. 2010).

The operation and the extreme rise in the use of violence on the part of both sides increased the threat perceptions experienced by Palestinians and Israelis. By March 2009 (JIP poll, March 2009), 60% of Israelis said they were worried that they or their family

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28 The exact number of Palestinian deaths (especially of civilians) is in contention – the Ministry of Health in Gaza states that 1,314 Palestinians were killed of which 412 were children.
may be harmed by Arabs in their daily life and 50% of Palestinians said they feared that their security and safety and that of their family were not assured. Moreover, 40% of Israelis feared that Palestinians plan to conquer the state of Israel and destroy its Jewish population. In addition, polls (JIP poll, March 2009) showed an increase in support for Hamas on the part of both West Bank and Gaza based Palestinians as well as an overwhelming sense that Palestinians in general were worse off as a result of the operation. The publics on both sides seemed to lose hope in the diplomatic track with 67% of the Palestinians and 62% of the Israelis believing that it is impossible to reach a final status agreement between Palestinians and Israelis (JIP poll, June 2009) and a majority on both sides believing that armed confrontations between the two sides will continue (JIP poll, March 2009).

Reflective of this state of affairs were the results of the Israeli elections held in spring of 2009 following the resignation of Prime Minister Ehud Olmert due to corruption allegations. Benjamin Netanyahu, a leader of the hawkish right wing Likud Party was elected to form a coalition government that included extreme right parties such as ‘Israel Our Home’ led by Avigdor Liberman. Initially Netanyahu’s right wing government did not recognize the two-state solution. Only following pressure from President Obama did Prime Minister Netanyahu accept and acknowledge the two state approach and was willing to meet with the Palestinians for the purposes of negotiating a settlement. However, negotiation efforts never took off and violence between the sides and settlement building on the part of Israel continues to this day, and it remains yet to be seen if the two sides will be able to return to substantive negotiations aimed at seriously moving the two sides towards an end to the conflict.
Conclusion

This chapter briefly highlighted the intractable characteristics of the Palestinian-Israeli conflict, which has withstood numerous bilateral attempts and third party interventions aimed at finding its peaceful resolution. For decades, Palestinians and Jewish Israelis have clashed recurrently over real and symbolic resources, including land, economic resources, right to self-determination, security, as well as religious and cultural goals (Bar-Tal, Halperin and Oren 2010). While the conflict seemed to become more tractable in the 1990s with the Oslo agreements, a re-escalation of the conflict took place with the failure of the 2000 Camp David summit, the eruption of the second Intifada and the intensification in the levels and forms of violence between the two sides. This deterioration of relations further climaxed with the events leading up to the Gaza war and the extremity of the Israeli operation in Gaza itself.

These circumstances, while dismal, also make the Palestinian-Israeli conflict an especially strong case for the empirical study of intergroup norms of behavior, with clear ingroup/outgroup divisions, real and symbolic intergroup threat and longstanding realistic competition over resources. Moreover, the fact that my experiments were implemented following the Gaza war meant that the conflict was especially salient at that time for Israelis and Palestinians, with both sides experiencing a real sense of threat and hostility (Shamir and Sagiv-Schifter 2006). This in turn provided a unique opportunity to empirically test the underlying assumptions made about intergroup norms of behavior within the context of a real-world, extreme and salient conflict setting. If the underlying assumptions about the norms of intergroup behavior made by the literature hold for real-world groups anywhere, we would expect them to manifest in this case.
Chapter 6: Experimental Procedures

In order to assess to what extent levels of trust, fairness and cooperation can exist between two groups entrenched in an extreme conflict, I chose to implement an experimental design based on behavioral games in an online environment. Uniquely, the experiments I implemented took place with Israeli Jewish and West Bank Palestinian participants during the aftermath of the 2008-2009 Gaza war, an especially strained time for Palestinians and Israelis. Even without the tense circumstances of the war, it would have been very challenging to recruit Jewish Israeli and Palestinian participants for a study like the current one, which includes an interaction with “the other side”. Palestinians and Israelis can be suspicious as well as reluctant to participate in initiatives that require interaction. Hence, as this chapter will describe, the fact that we undertook this study during such an intense time provided us with a very unique opportunity to assess the interaction between these two nationalities but also required sensitivity on our part in the planning and implementation of the procedures.

The experimental procedure included three components. First participants played two behavioral games – the trust game and the dictator game under different conditions (detailed below). Second, participants evaluated their partner’s behaviors in the game according to a set of criteria. Third, participants filled out a short survey with general demographic questions and questions about trust. The experimental design allowed for a combination of a between subject design (where each participant played a different type of partner) and within subject design (where the same participant played two games - the trust and dictator game).
Two main experiments were run— the Anonymity experiment and the Nationality Experiment. Both experiments consisted of the same set of games but in the Anonymity experiment, participants ( "players") played against an anonymous partner who was only identified as Player B while in the Nationality Experiment players were provided with information about their partner’s nationality and other personal information (see below). In the Nationality Experiment, players in the “ingroup partner condition” played against a Player B from their own nationality (Israelis played against Israelis and Palestinians played against Palestinians). Players in the “outgroup partner condition” played against a Player B from the other nationality (Israelis with Palestinians and vice versa). As both the Anonymity and the Nationality experiment followed almost the same exact procedures, for efficiency sake I will describe the procedures for both of the experiments together, highlighting differences where they come up.

The Players

The players in the experiments were students from 7 Palestinian and Israeli universities – 2 in Israel and 5 in the West Bank. This range of universities provided a socially, politically and academically diverse group of players representing the different layers of the Israeli and Palestinian societies. One of the aspects which makes the experiments unique is that while most studies with Israeli Jews and Palestinians have included Palestinians living within Israel (who are Israeli citizens) and rarely Palestinian players from beyond the green line (West Bank and Gaza), my study involved Palestinians from beyond the Green Line, all over the West Bank. Players were recruited through emails sent out to student email lists, notices posted on online university message boards as well as posters. All publicity was done in
Hebrew and Arabic. The experiments were publicized as online decision making games but did not mention the fact that they would include Palestinian Israeli interaction. The advertisements stated that players would not be paid a fee to show up but that they had a chance to earn money as a result of the decisions they would make during the games.

Although, due to logistical issues, it was not possible to hold experiments simultaneously for Palestinians and Israelis, the experiments for both nationalities were held over the course of the same weeks in 2009. All together data from 495 university students (315 Jewish Israeli students and 180 Palestinian students) was gathered and analyzed. Students who signed up for the experiment were randomly assigned to the different experimental conditions. Each student took part in one session, lasting between 30 to 50 minutes (depending on their individual pace).

**Experimental Procedures**

The experimental procedures were fully computerized, with players logging into and playing the experimental games on a dedicated computerized system specifically developed for the purposes of the experiment. The content of the experiment was originally written in English and then translated into Arabic and Hebrew versions by Palestinian and Israeli translators and then back translated into English to ensure compatibility. Only one page of the experiments, where players were asked to fill in personal information, appeared in English because this was information that was to be viewed by player’s game partners who in some of the experimental conditions would be from the other nationality.

Israeli players were instructed to arrive to the computer lab in their university at their assigned time slot. Labs in each university were specifically reserved for the sole
use of the experiment. On the Palestinian side however, political conditions on the
ground made it very difficult to bring together groups of Palestinians to computer labs in
the different universities. Thus, Palestinian students who signed up were simply directed
to log into the experimental site from a computer with an Internet connection at a specific
time. However, other than the physical location players from both nationalities played the
exact same games.

Upon arriving to the university computer lab (Israelis) or getting online from their
computers (Palestinians) players were provided a slip of paper (or email) with a URL for
the experimental website. They were instructed to log on at a specific time in order to
ensure proper coordination between all the players in the game. Upon entering the site,
the first screen asked players to log in a user name they received from the researcher
(which was a number code) and a password. Once they logged in this information,
players were taken to a screen with a consent form that they were asked to sign before
being allowed to continue in the experiment. After giving their consent for participation,
players were taken to a screen with general directions that explained that they were about
to participate in a set of decision-making games in which they would gain points based
on the decisions they made. The were explained that in each game they would play the
role of first mover, Player A, and that they would be randomly matched with another
partner, Player B. They would only get to see Player B’s decisions for each of the two

29 The second player, Player B, was in all cases a computerized player, whose decisions in the
game were preprogrammed according to data previously collected on the behavior of responders
in trust games (from existing literature and a small pilot we ran) and according to general profiles
of Palestinian and Israeli men and women (see below). The site was programmed to simulate
interaction with a real partner (for example, decision times of the other player were taken into
account before players moved from screen to screen).
games after both they and Player B had made their decisions for each of the two games. This design allowed us to minimize the effect of one game on the other. These directions were in Hebrew/Arabic as were most of the rest of the procedures. They were also told that they would be paid at the end of the game according to the number of points they gained.

After reading the general instructions, players clicked a “continue” button at the bottom of the screen and were then taken to the next screen in which they were asked to answer a number of questions about themselves. The questions included both questions that were targeted at highlighting the person’s nationality (first name, mother’s name, city of birth) and general informational questions (year of birth and favorite food). Players were also asked to determine on a scale of 1 to 9 how important their national identity is to them and how strong of a connection they feel to people from their own nationality. The instructions on this page and the questions appeared in English and participants were also asked to insert their answers in English (versus the rest of the experiment which was in Arabic or Hebrew). In addition, at the top of the screen there was a picture of the flag of the player’s nationality (Israeli or Palestinian). Both the flag and identity questions were aimed at strengthening and highlighting the awareness of the participant for their own national group identity.

In the Anonymity Experiment, players were then asked to click the “continue” button at the bottom of their screen and were moved to the next screen, which had directions for the first game, the Trust game. Player’s in the Nationality Experiment were first shown a screen in which they were asked to pick 3 out of 4 listed questions that they would like to ask Player B. The list of questions corresponded with the questions that the
player’s had just filled out about themselves – first name, year of birth, mother’s name, favorite food - and were aimed at creating a sense of a back and forth dialogue between the participant and their partner. The fact that we required a choice of 3 meant that at least 2 questions that exposed national identity information would be picked.

In the Nationality Experiment, after selecting the questions they wanted to ask Player B and clicking “continue” players were shown a screen introducing them to their partner, Player B. The page stated that we wanted to take a minute to introduce them to Player B and provide them with some personal information about him or her based on the 3 questions Player A had previously chosen to ask. Player B’s personal information was presented in a table in which the right column included the question Player A had chosen to ask and the left column Player B’s answer. In addition, Player B’s national flag (Palestinian or Israeli) was pasted on the top row of the table. Beyond answers to the specific questions the players had selected to ask Player B, the table also included a statement by Player B that he or she felt that being a part of their own national group was an important part of their identity (something we had also asked the participants about). The personal information about Player B, the statement about their national group membership and the national flag highlighted Player’s B nationality. In addition, the fact that no photos of the players were used allowed for focus on Player B’s national group belonging without conflating it with personal individual properties (such as attractiveness). Player’s were then asked to click the “continue” button at the bottom of the screen in order to move to the next screen. From here onwards for players in the

30 In all experimental conditions, players were matched with a Player B of the same gender, thus female players were paired with female player Bs and male players with male Player Bs.
Nationality Experiment, Player B was identified by their first name (a name which clearly highlighted their nationality).

The first game all players played was the trust game modeled after the well known ‘Investment Game’ by Berg, et al. (1995). Players were first shown a screen with general instructions on how to play the game, which was titled as the “Green Game”. Players were explained that in this game they would be in the role of the sender/trustor and Player B is in the role of receiver/trustee. The instructions went to explain that they would receive from the experimenter an endowment of 110 points for this game and that they would then need to decide how many of the points they wanted to transfer to Player B. Any number of points they would decide to transfer would be automatically tripled by the system and then transferred to Player B. The instructions then explained that Player B would then have the opportunity to send any number of the tripled points he or she received back to the Player A. Thus, the player could decide to send Player B any number of points between 0 to 110 and Player B could decide to send back anywhere between 0 points to the number of points they had received. Players were then explained that they would get to keep the number of points they originally received (110) minus the amount they sent to Player B. After these paragraphs of instructions participants were provided with two examples of how the game is played. The examples were presented in a table and included two extreme cases (player A passes no money or Player A passes all his or her money) in order not to bias the player. Moreover, it was emphasized that the examples were not representative of some preferred strategy but were there solely for illustrative purposes.

As discussed in previous chapters, the social dilemma in the trust game is that
Player A’s interest is to send nothing, unless he/she trusts the second player to return a suitable amount. Based on the standard assumption that individuals are rational and self-interested the unique subgame perfect equilibrium for the trust game is for Player A to not send any money and in anticipation of this behavior Player B should not send any money back to Player A. However, an extensive number of experiments have found that both Player A and Player B tend to send money to each other (Berg et al. 1995; for a review see Camerer 2003; Camerer and Fehr 2004; Fershtman and Gneezy 2001; Walker and Ostrom 2006). The transfers of money or points by Player A to Player B is often understood to represent levels of trust (Berg et al. 1995, Ben-Ner and Halldorsson, Bohnet and Croson 2004, Glaeser et al. 2000) and norms of cooperation. However, there is an increasing debate regarding the different motives that are actually tangled up in and measured by the trust game (Ashraf et al. 2003, Cox 2004). Experiments have shown that the trust game also includes other regarding preferences such as motives of unconditional altruism (Cox 2009), in which case the money sent by player A is not associated with an expectation of back transfer that would render A better off (Cox 2004, Fehr 2009), inequity aversion (Fehr and Schmidt 1999, Bolton and Ockenfels 2000) and willingness to accept risk (Karlan 2005, Ashraf at al. 2006, Schecter 2006) and betrayal aversion (Hong and Bohnet 2007).

After reading the instructions for the trust game and reviewing the two examples, players clicked the “continue” button at the bottom of their screen. The next screen asked players to make their decision in the trust game. Instructions reminded them of the basic rules of the game – they need to make a decision of how many points to give to Player B, the points would be tripled and then Player B would need to decide how many to send
back. The players were then asked to fill in how points between 0 and 100 they wanted to send to Player B. In the Anonymity Experiment the player’s partner was called player B but in the Nationality Experiment the partner was consistently referred to by their first name (which clearly identified them as Palestinian or Jewish). After filling in their decision and clicking the “continue” button, players moved to a transition screen. This screen showed a statement saying they needed to wait for all the other players to make their decision before being moved to the next game and that the screen would reload every few seconds until all decisions had been made. After a few seconds (the time varied between games and between players) the players were moved to the next game, the dictator game.

As previously discussed, this game is called dictator because Player A can “dictate” the outcome of the game. This is a two player game in which “the dictator” can chose to divide a fixed sum of money with their partner who has no say in the matter and must accept whatever the dictator proposes (Camerer 2003, Forsythe et al. 1994, Kahneman, Knetsch and Thaler 1986). This design eliminates any strategic considerations from the dictator’s offer. Based on pure self-interest, Player A should keep all the money and not transfer anything to Player B. However extensive research has found that Player As generally transfer a nontrivial sum of money to their partners (for a review see Camerer 2003). Typically, more than 60% of participants transfer a positive amount of money, with the mean transfer roughly 20% of the participant’s endowment (Fershtman et al. 2009).

The dictator game represents “a workhorse within experimental economics” (List 2007) and has been widely used since the 1980s in the field of behavioral economics and
beyond to both test theory and the prevalence of social preferences. The game has been used to measure altruistic behavior, a norm of fairness in the allocation of resources (Whitt and Wilson 2007), inequality aversion whereby while people dislike earning less than their counterparts they also have a distaste for earning more than their peers (Bolton and Ockenfels, 2000, Fehr and Schmidt 1999, Fershtman et al. 2009, Korenok et al. 2008) and to assess a “taste for discrimination” (Fershtman and Gneezy 2001). Andreoni (1990) suggests that what drives individuals to give in the Dictator game is the positive utility they get from the act of giving – a “warm glow”. Camerer and Thaler (1995) suggested that dictator offers represent attempts to be polite and conform to social norms while others (Murnighan et al 2001) see self image as explaining why dictators give more than zero in the game.

The first dictator game screen players saw had general directions for the game. The game was called the “Purple Game”. Players were explained that in this game they would be given a new endowment of points - this time 90 points - and that they would need to decide how many of these points to give to Player B. The instructions also explained that Player B had to accept any points that they would decide to give him or her and that Player B would not be transferring any points back. In other words, the number of points they decided to transfer to Player B would be taken out of their total and would not be returned. In the Anonymity Experiment the participant’s partner was called player B, in the Nationality Experiment player B was referred to by their first name. Like in the trust game, we provided here too, two examples presented in a table that provided more detail on how the game is played.
After clicking on “continue” players moved to the next screen in which they were asked to make their decision. They were first reminded again of the general rules of the game and then asked to log in the number of points between 0 and 90 that they wanted to transfer to Player B. Clicking on “continue” after logging in their decision, led players to a transition screen similar to the one after the trust game in which they were told they were waiting until all players in the game had made their decision. After a few seconds a new screen appeared congratulating the players on their game so far and telling them that they would now learn of the decisions that Player B made and the results of the two games they had played.

First, a screen appeared detailing the results of the trust game. The screen first provided the players with a reminder of the rules of the game and then stated how many of the 110 points they had received in the Trust game they had decided to give to Player B and in turn how many of the points Player B had chosen to send back to them. Then the tally of points as a result of these decisions was summarized (in bold). Players then clicked “continue” and moved to learn of the results of the dictator game. A similar screen appeared for the dictator game with a general review of the rules of the game, the decisions player A and B had taken and the tally of points for the game.

After reading the results of the Dictator games and clicking on “continue” a screen appeared which asked the player to evaluate their partner based on the way they had played. Five questions were presented with a scale of 1 to 9 appearing under each question with push points which the players had to click on to highlight their selection. The questions asked to what extent in a scale of 1 to 9 their partner was generous, cooperative, fair, to what extent they would want to continue to play with their partner in
the future and lastly to what extent their friends would say that player B was a good or bad person.

After completing the evaluation of player B and clicking on “continue” participants were presented with a short survey. The survey included a few demographic questions as well as standard attitudinal questions on trust (based on the General Social Survey trust questions). In addition, several questions on participant’s perspectives on the Israeli Palestinian conflict were also included. Palestinians and Israelis had the same survey except for the political questions that were specific for each group based on the political reality of their community.

After completing the survey, a screen appeared which summarized both the number of points the players had accumulated and their conversion into the Shekels (the currency which both Palestinians and Israelis use). Participants were instructed to write down their user names and the amount of money they had gained and to bring it to the experimenter in order to collect their earnings. Israeli players were paid in the lab at the end of the experiments and Palestinian players were provided with their earnings a few days after they finished the game.
Chapter 7: Results of the Anonymity Experiment

In the Anonymity Experiment Israeli and Palestinian players played behavioral games against an anonymous partner for whom no personal information was exposed. The fact that in the anonymous condition social contexts such as the personal identity of the partner were excluded allows the results of the anonymous condition to serve as a baseline for the behavior of Palestinians and Israelis, which can subsequently be compared with more complex environments. Thus, while the anonymous interaction excludes important contextual information that may affect trust and other norms in naturally occurring settings, it allows us to measure these motivations in a purer form (Ashraf et al. 2004, Camerer 2003).

In the Anonymity Experiment each player played a trust game and a dictator game (always in this order) against an anonymous partner simply identified as player B. 223 university students (146 Palestinians and 77 Israelis) participated in this experiment. Only after the Israeli or Palestinian player made his or her decision in both games were they given player B’s decision in each game.

In the first part of the experiment players played the trust game. The dependent variable in our analysis was the number of points the player transferred to their partner which we used to assess the levels of trust Palestinians and Israelis showed towards their anonymous partners. As a first stage we were interested in observing the effect the player’s nationality had on the way they played the Trust game.
**Nationality**

As can be seen in Figure 1 below, Israelis gave a higher percentage of their Trust game points ($M_{\text{Israeli}}=34.74$, $SD=23.49$) to their partners in comparison with Palestinians ($M_{\text{Palestinian}}=24.52$, $SD=20.11$). An independent t-test (two tailed) showed this difference to be significant ($t(221)=3.24$, $p<.001$).

![Figure 1: Average percentage of trust game points transferred by Palestinian and Israeli players to their anonymous partners.](image)

Based on findings in the literature, including specific findings on gender effects on ethnic discrimination on the Israeli side (Fershtman and Gneezy 2001), we next moved to assess the effect gender had on the interaction. Research from psychology on social role theory suggests that the economic interaction captured in experimental games such as the trust game is a context ripe for the influence of gender (Buchan et al. 2008). One of the key experimental studies assessing real-world ethnic rivalry and discrimination found that discrimination was an entirely male phenomenon (Fershtman...
and Gneezy 2001). Using first and last names to signal gender and ethnicity, Fershtman and Gneezy (2001) looked at ethnic discrimination in Israeli Jewish society, finding that while men discriminate between counterparts according to both dimensions women did not discriminate at all.

While there has been some mixed evidence on the effect of gender on behavioral game play, in a review of the literature on gender differences, Croson and Gneezy (2009) find that across experimental studies that have looked at the effect of gender, women are more risk averse than men, the social preferences of women are more situationally specific than those of men and that women's social preferences are more malleable. This correlates also with previous research (Rubin and Brown 1975 and a meta-analysis performed by Walters et al. 1998) which found that in general women are highly interpersonally oriented, and sensitive to the interpersonal aspects of their interaction while men, orient themselves to the impersonal task of maximizing their own earnings. Thus, while, in general, men are less cooperative than women, playing against a contingent opponent, with whom it is worthwhile to cooperate, men show more cooperative behavior than females.

In trust games Gneezy and Croson (2009) find that the amounts women send varies more than the amounts men send with the identification of their counterpart, with the picture of their counterpart (Eckel and Wilson 2004) and the social distance in the experiment (Cox and Deck 2006) while men’s trust is not sensitive to any of these factors. Eckel and Grossman (1998) find that in conditions of anonymity, women give almost twice as much as men to their paired recipient. Recent research in negotiation and economics suggests that a crucial factor in prompting gender differences in trusting
behavior will be what is expected in return (Buchan et al 2008). The correlation between amounts sent and expected return is stronger for men, who tend to view tasks agentically or instrumentally, and have higher expectations of return than women, who also tend to view interactions (especially those of a longer term or more intimate nature) communally (Buchan et al. 2008). Babcock et al. (2003) and Riley and Babcock (2002) demonstrate that men have more optimistic aspirations in negotiation than women and that aspirations partially mediate gender differences in negotiation performance. This research implies that men may trust more (send more money) because they expect to receive more in return. Buchan et al. (2008) find that in the trust game, men and women are equally skilled in predicting how much they will receive in return, but because men predict that higher amounts will be returned, they send more. In dictator games women’s decisions are sensitive to the gender (and home state) of their counterpart while men’s are not (Ben-Ner et al 2004).

Moreover, a meta-analytic review of 40 previous papers, which compared human behavior in face to face and in virtual (online) negotiations, found that women behave in a more hostile and competitive way in virtual negotiations in comparison to face to face, while men showed no difference between these two conditions (Stuhlmacher et al. 2006 as cited in Katz et al. 2008).

Building on this past research regarding gender differences in cooperative behavior and preferences, we wanted to better understand how gender plays out in a context of national differences and a bi-national conflict [Note: see also additional explanation in the Nationality Experiment].
Gender

Our participant pool included 104 men and 119 women. As Figure 2 reflects, men transferred a higher percentage of trust game points to their anonymous partners ($M_{\text{men}}=37.54$, $SD=27.19$) than did the women ($M_{\text{women}}=25.68$, $SD=16.48$). An independent t-test (two tailed) showed this difference to be significant ($t(164.89)=3.870$, $p<.001$).

![Figure 2: Average percentage of trust game points transferred by women and men to their anonymous partners.](image)

Importantly, this pattern of behavior, with Israelis giving more points than Palestinians and men giving more points than women, held when we tested for the interaction between nationality and gender.

Nationality and Gender

The participant pool included 65 Israeli men, 39 Palestinian men, 81 Israeli women and 38 Palestinian women. In testing for the interaction between nationality and
gender in the trust game, an analysis of variance (ANOVA) with the number of points given by the player as the dependent variable and the player’s nationality (Israeli or Palestinian) and gender as between subject factors revealed a significant main effect for the player’s nationality ($F[1, 219]= 13.06, p<.001$) and the player’s gender ($F[1, 219]= 16.08, p<.001$) but no main significant effect for the interaction.

While Israelis gave on average more points to their partners than Palestinians, as Table 1 shows men in both nationalities gave more points than women.

<table>
<thead>
<tr>
<th>Player nationality + gender</th>
<th>Mean Trust game points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israeli</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>41.99 [SD=28.18]</td>
</tr>
<tr>
<td>Women</td>
<td>28.93 [SD=16.95]</td>
</tr>
<tr>
<td>Palestinian</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>30.14 [SD=24.00]</td>
</tr>
<tr>
<td>Women</td>
<td>18.76 [SD=13.11]</td>
</tr>
</tbody>
</table>

*Table 1:* Mean trust game points transferred by Israeli and Palestinian men and women to anonymous partners

Independent t-tests (two tailed) revealed that the difference between the percentage of points that Israeli men and Palestinian men gave was significant ($t(102)= 2.19, p<.031$) as was the difference between the percentage of points Israeli women and Palestinian women gave ($t(117)=3.27, p<.001$). In addition, the difference between the percentage of points Israeli men and women gave was significant ($t(99.83)= 3.287, p<.001$) as was the difference between what Palestinian men and women gave ($t(59.14)= 2.59, p<.012$).
Figure 3: Average percentage of trust game points transferred by Palestinian and Israeli men and women players to their anonymous partners.

Thus, the results of the trust game reveal that gender and nationality each impacted the behaviors of the players. Overall, the baseline of the Trust game shows that Israelis transfer a higher percentage of points than Palestinians and men transfer a higher percentage of points than women both within (Israeli men vs. Israeli women) and across the national categories (Israeli and Palestinian men vs. Israeli and Palestinian women). Moreover, Israeli men exhibited the highest levels of trust, transferring the highest percentage of points to their anonymous partners, while Palestinian women exhibited the lowest levels of trust in comparison to the other players.

After logging in their decision for the trust game, players moved to play the dictator game. Players played the dictator game straight after the trust game and prior to receiving the results of the trust game. This allowed us to limit the effect of one game on the other.
The dictator game has been used to measure other regarding preferences such as inequality aversion (Korenok 2008) altruism and generosity (Eckel and Grossman 1996) as well as norms of fairness (Whitt and Wilson 2007) and discrimination (Fershtman and Gneezy 2001). As discussed in previous chapters, studies have shown that behavior in the trust game can be driven not only by pure trust but also by other motivations such as willingness to take risk, profit maximization, betrayal avoidance, inequity aversion, altruism and generosity (for example Ashraf et al. 2004; Ashraf et al. 2006; Bolton and Ockenfels 2000; Cox 2004; Cox 2009; Fehr and Schmidt 1999; Hong and Bohnet 2007; Karlan 2005; Schchter 2006). The dictator game can help disentangle and elucidate some of these motivations in the trust game.

**DICTATOR GAME**

**Nationality**

Similar to our analysis in the trust game, we first assessed the effect nationality had on the number of points players chose to transfer to their partners. Results revealed a similar trend to the ones exhibited in the trust game with Israelis on average transferring a higher percentage of points than Palestinians (see Figure 4 below). The difference between the percentage of points that Israelis gave to their partners ($M_{Israeli}= 26.47$, $SD= 18.61$) in comparison with Palestinians ($M_{Palestinian}=17.89$, $SD= 15.33$) was shown to be significant in an independent t-test ($t(221)= 3.243$, $p<.001$) (two tailed).
Based on these results and our trust game analysis we moved to assess the effect that gender and nationality will have on the way in which the players played the dictator game. Overall Croson and Gneezy (2009) find that in dictator games women’s decisions are more sensitive to the gender and home state of their partners (Andreoni and Vesterlund 2001, Ben-Ner at al 2004, see also Bolton and Katok 1995, Eckel and Grossman 1998).

**Nationality and Gender**

In testing for the interaction between nationality and gender in the dictator game, an analysis of variance (ANOVA) with the number of points given as the dependent variable and the player’s nationality (Israeli or Palestinian) and gender as the between subject factors revealed a significant main effect for the player’s nationality ($F[1, 219]= 12.99$, $p<.001$) and for the player’s gender ($F[1, 219]= 4.04$, $p<.046$). However, no significant effect was found for the interaction.
As Table 2 and Figure 4 below shows, similar to the trend in the trust game, Israeli men continued to give the highest percentage of points and Palestinian women the lowest percentage of points. However, while within each nationality group the men continued to give more than the women, across national groups, both Israeli men and Israeli women gave significantly more points than Palestinian women and men. In comparison, in the trust game Palestinian men and Israeli women gave close to the same number of points (Palestinian men gave a very small percentage of points more than Israeli women).

<table>
<thead>
<tr>
<th>Player nationality + gender</th>
<th>Mean Dictator game points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israeli</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>29.21 [SD=20.45]</td>
</tr>
<tr>
<td>Women</td>
<td>24.27 [SD=16.80]</td>
</tr>
<tr>
<td>Palestinian</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>20.34 [SD=17.40]</td>
</tr>
<tr>
<td>Women</td>
<td>15.38 [SD=12.60]</td>
</tr>
</tbody>
</table>

*Table 1:* Mean dictator game points transferred by Israeli and Palestinian men and women to anonymous partners
Independent t-tests (two tailed) showed that the difference in points between what Israeli and Palestinian men gave was significant (t(102)= 2.26, p<.026) as was the difference between the points that Israeli and Palestinian women gave (t(94.153)= 3.209, p<.002). Independent t-tests also showed that the difference between what Israeli men and women gave was marginally significant (t(144)=1.605, p<.06) as was the difference between what Palestinian men and women gave (t(75)=1.430, p<.78) (one tailed).

Conclusion

In summary, the results of the trust game and the dictator game in the Anonymity Experiment show us a common pattern of behavior across the two games. In both games Israelis transfer a higher percentage of points to their anonymous partners in comparison with Palestinians and in both nationalities men tend to transfer a higher percent of their
points in comparison with women. Moreover, in both the trust and the dictator game Israeli men transferred the highest percentage of points in comparison with the other players and Palestinian women continuously transferred the lowest number of points.

Thus, at this point, the baseline presented by this experiment is that Israelis in general tend to be more trusting and to show more of a tendency towards a norm of fairness and generosity towards anonymous strangers in comparison with Palestinians. In addition, men of both nationalities seem to be more willing to trust and be fair and generous towards anonymous partners than do women of both nationalities.
Chapter 8: Results of the Nationality Experiment

Building on the baseline results of the Anonymity Experiment, in the second experiment the national identity of the player’s partner was manipulated in order to gain a better understanding of the effect of identity on game play. Specifically I was interested in assessing whether players from each nationality applied different norms of behavior towards members of their own group (the ingroup) and members of the other group (the outgroup).

Players and Procedures

In the Nationality Experiment each player played a trust game and a dictator game (always in this order) against either a partner from their own nationality (ingroup condition) or from the other nationality (outgroup condition). A total of 272 university students participated (169 Israelis and 103 Palestinians) in the Nationality Experiment. Only after the Israeli or Palestinian player made his or her decision in both the games were they given their partner’s decision in each game.

In the first part of the experiment players played the trust game. The dependent variable in the analysis was the number of points the player transferred to their partner which were used to assess the levels of trust Palestinians and Israelis showed towards their ingroup and outgroup partners. As a first stage I was interested in observing the effect the player partner’s nationality had on the way they played the trust game.
Trust Game

Nationality

The number of points passed by players to their partners served as the dependent variable in an analysis of variance (ANOVA) with the player's nationality (Israeli or Palestinian) and the partner condition (ingroup, outgroup) as between subject factors. This analysis revealed a marginal significant main effect for the player's nationality ($F[1, 268]=3.2, p=.075$) but not for the partner condition or the interaction between the two. As Table 1 below shows, Israelis on average gave a higher percentage of points to their ingroup and outgroup partners than did Palestinians.

<table>
<thead>
<tr>
<th>Player nationality</th>
<th>Partner nationality</th>
<th>Mean trust game points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israeli</td>
<td>Ingroup (Israeli)</td>
<td>35.33 [SD=20.57]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Palestinian)</td>
<td>37.18 [SD=23.51]</td>
</tr>
<tr>
<td>Palestinian</td>
<td>Ingroup (Palestinian)</td>
<td>29.94 [SD=22.66]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Israeli)</td>
<td>32.14 [SD=27.19]</td>
</tr>
</tbody>
</table>

Table 1: Average percentage of trust game points transferred by Palestinian and Israeli players in each partner condition.

Surprisingly, as can be seen in Figure 1 below, within each nationality group the general trend showed that players did not discriminate against outgroup members but rather even transferred a higher percentage of points to outgroup partners in comparison with ingroup partners. However, planned contrast comparisons showed that the differences between partner conditions were not significant.
As I did in the Anonymity Experiment, we moved next to look at the effect gender had on player's behavior. Beyond findings in the literature on gender differences in cooperative behavior and preferences (see Anonymity Experiment) I wanted to better understand how gender plays out in a context of the Palestinian-Israeli conflict. In addition, the diverging experiences of women and men in the Palestinian-Israeli conflict led me to hypothesize that gender differences would be a factor in determining the levels of trust, fairness and cooperation between the sides. The gender specific exposure to the conflict is especially true on the Israeli side where many of the men in comparison to the women serve in units in the army where they are exposed either directly or indirectly to Palestinians within a very militaristic context and framing. Most Israeli women on the other hand will have no direct or even indirect interaction with Palestinians in a militaristic context.

*Figure 1*: Average percentage of trust game points transferred by Palestinian and Israeli players in each partner condition.
Gender

Players included 136 women and 136 men. Results showed a general interaction whereby women tend to transfer more points to ingroup than the outgroup partners and men transfer more points to outgroup than ingroup partners. An analysis of variance (ANOVA) with the percentage of Trust game points players transferred to their partner as the dependent variable and the player's gender and the partner condition (ingroup, outgroup) as independent between subject factors revealed a significant main effect for the interaction between gender and the partner condition (F[1, 268]=5.236, p<.03), but no main effect for the gender or partner conditions on their own.

As Table 2 below shows women showed a trend of an ingroup preference. Women who played against ingroup partners transferred on average 4.67 more points to their partners than women who played against an outgroup partner. Men, on the other hand, showed a preference for the outgroup, with men who played against an outgroup partner transferring 8.22 more points than men who played against an ingroup partner.

<table>
<thead>
<tr>
<th>Player gender</th>
<th>Partner nationality</th>
<th>Mean Trust game points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Ingroup</em></td>
<td>35.79 [SD=22.47]</td>
</tr>
<tr>
<td></td>
<td><em>Outgroup</em></td>
<td>31.12 [SD=21.84]</td>
</tr>
<tr>
<td><strong>Men</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Ingroup</em></td>
<td>30.62 [SD=20.03]</td>
</tr>
<tr>
<td></td>
<td><em>Outgroup</em></td>
<td>38.84 [SD=27.21]</td>
</tr>
</tbody>
</table>

*Table 2:* Average percentage of trust game points transferred by women and men players in each partner condition.
Planned contrast comparisons showed that the difference in points between what men who played against outgroup partners and men who played against ingroup partners transferred was significant ($t(268)=2.062, p<.03$) but this difference wasn’t significant for women. In addition, planned contrasts showed that the difference between what men and women gave to ingroup partners was marginally significant ($t(268)=1.288, p<.01$) and the difference between what men and women gave to the outgroup was significant ($t(268)=1.953, p<.03$).

![Figure 2](image)

**Figure 2:** Average percentage of trust game points transferred by female and male players in each partner condition.

Therefore the results so far showed first a general tendency whereby Israeli players on average transfer a higher percentage of points to their partners than Palestinian players. Second, we saw that when playing against an ingroup partner, women gave more points than men but when playing against an outgroup partner men gave more points than women to their partners. Lastly, within each gender group, women on average transferred
more points to ingroup than to outgroup partners while men gave more points to the outgroup than the ingroup partners.

As a next step, I assessed the interaction between gender and nationality effects.

**Gender and Nationality**

Results showed that the same patterns of behavior came up when I tested for the interaction between nationality and gender. An analysis of variance (ANOVA) with the player’s nationality, the player’s gender, and the partner condition as between subject factors, showed a marginally significant effect for the interaction between gender and the partner condition ($F[1,264]=3.406, p<.066$) but no main effect for the player’s nationality or for the interaction of gender and the partner condition or the triple interaction.

As Table 3 and Figure 3 below show, both Israeli and Palestinian women exhibited a general trend of ingroup preference (transferring a higher percentage of points when playing with an ingroup partner than with an outgroup partner) while Israeli and Palestinian men showed a general trend towards outgroup preference (transferring a higher percentage of their points to outgroup partners in comparison with ingroup partners). Second, Palestinian and Israeli men tend to behave similarly (both give more or less the same number of points to outgroup partners and more or less same points to ingroup partners). Israeli women, on the other hand, give more points than Palestinian women to both ingroup and outgroup partners. Third, when playing against outgroup partners, men of both nationalities tend to give more points than women of both nationalities.
Table 3: Average percentage of trust game points transferred by Israeli and Palestinian women and men players in each partner condition.

<table>
<thead>
<tr>
<th>Player nationality + gender</th>
<th>Partner nationality</th>
<th>Mean Trust game points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israeli Women</td>
<td>Ingroup (Israeli)</td>
<td>37.95 [SD=21.70]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Palestinian)</td>
<td>35.05 [SD=20.5]</td>
</tr>
<tr>
<td>Men</td>
<td>Ingroup (Israeli)</td>
<td>30.52 [SD=17.6]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Palestinian)</td>
<td>38.93 [SD=25.82]</td>
</tr>
<tr>
<td>Palestinian Women</td>
<td>Ingroup (Palestinian)</td>
<td>28.35 [SD=24.17]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Israeli)</td>
<td>25.59 [SD=22.84]</td>
</tr>
<tr>
<td>Men</td>
<td>Ingroup (Palestinian)</td>
<td>30.72 [SD=22.24]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Israeli)</td>
<td>38.69 [SD=29.93]</td>
</tr>
</tbody>
</table>

Figure 3: Average percentage of trust game points transferred by female and male Palestinian and Israeli players in each partner condition.

Planned contrast comparisons showed that the difference between what Israeli men gave to ingroup partners and outgroup partners was significant ($t(73.79)=1.687, p<.05$)
and the difference between Palestinian men gave to ingroup and outgroup partners was marginally significant ($t(264)=1.327, p<.01$). Planned contrasts also showed that the difference between what Palestinian and Israeli women each gave to ingroup partners was marginally significant ($t(264)=1.460, p<.08$) but the difference between what Palestinian and Israeli women gave to outgroup partners was significant ($t(264)=1.623, p<.05$). Moreover, the difference between what Israeli men and Palestinian women, the two groups whose behavior was more distinct, gave to the outgroup was also significant ($t(264)=2.378, p<.01$). Differences across nationalities for the men was not found to be significant.

Taken together, these results highlight two trends of behavior. First, in the trust game Israelis tend to be more trusting than Palestinians (they transfer a higher percentage of points to partners than Palestinians across all partner conditions). However, looking at only the nationality level we see that both Israelis and Palestinians tend to show higher levels of trust towards outgroup partners than ingroup partners. Second, gender provides some of the explanation for this general trend. Overall, while both Palestinian and Israeli women show more trusting behavior towards the ingroup, Israeli and Palestinian men show more trusting behavior towards the outgroup and this behavior is significant for Israeli men.

As discussed in previous chapters, studies have shown that behavior in the trust game can be driven not only by pure trust but also by other motivations such as willingness to take risk, profit maximization, betrayal avoidance, inequity aversion, altruism and generosity. Thus, to better understand what was driving this behavior, each
player also played the dictator game with their partner prior to receiving the results of the trust game. This allowed us to limit the effect of one game on the other.

**Dictator Game**

**Nationality**

To assess how the player's nationality and their partner's nationality affected the player's behavior in the Dictator game, we ran an analysis of variance (ANOVA) with the number of points passed by players to their partners as the dependent variable and the player's nationality and the partner condition as between subject factors. This analysis revealed a significant main effect for the interaction between the player's nationality and the partner condition ($F[1,268]=3.822, p<.05$). However, no significant effect was found for the player's nationality or the partner condition on their own.

As Table 2 below shows, overall both Israelis and Palestinians gave a lower percentage of points in the Dictator game than they gave in the Trust game. In addition, Israeli players tended to give more points to ingroup partners versus outgroup partners while Palestinians gave more to outgroup partners than to ingroup partners. Planned contrast comparisons showed that the difference between what players gave to ingroup and outgroup partners was marginally significant for Israeli players ($t(163.613)=1.548, p<.065$) but not for Palestinian players ($t(268)=1.233, p>0.01$).
Player nationality | Partner nationality | Mean dictator game points
--- | --- | ---
Israeli | **Ingroup (Israeli)** | 28.30 [SD=18.75]
 | **Outgroup (Palestinian)** | 23.51[SD=21.41]
Palestinian | **Ingroup (Palestinian)** | 19.84[SD=15.69]
 | **Outgroup (Israeli)** | 24.59[SD=20.67]

*Table 2:* Average percentage of dictator game points transferred by Palestinian and Israeli players in each partner condition.

Therefore we see that in the dictator game like in the trust game, Israelis overall transfer a higher percentage of points than Palestinians. Specifically, Israelis tend to give ingroup partners a higher percentage of points than Palestinians and this difference was
significant in planned contrast (t(268)=2.417, p<.01). On the other hand, the difference between what each nationality gave to the outgroup was not significant.

Importantly, the pattern of behavior which was exhibited in the trust game whereby both Israeli and Palestinians transferred the highest percentage of points to outgroup partners is partly reversed in the dictator game with Israelis now transferring the highest percentage of points to ingroup partners while Palestinians continue to transfer a higher percentage of points to outgroup partners.

In order to better understand whether and how gender impacted these differences in behavior, we moved to assess the interaction effect of gender and nationality on players’ behavior.

**Gender and Nationality**

An analysis of variance (ANOVA) with the player’s nationality, the player’s gender, and the partner condition revealed a significant main effect for the interaction between the player’s nationality and the partner condition (F[1,264]=3.788, p<.053). However, the main effect of nationality, gender, the partner condition, as well as the interaction effect between nationality and gender, partner and gender and the triple interaction were not significant.
<table>
<thead>
<tr>
<th>Player nationality + gender</th>
<th>Partner nationality</th>
<th>Mean Dictator game points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israeli Women</td>
<td>Ingroup (Israeli)</td>
<td>28.08 [SD 18.91]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Palestinian)</td>
<td>23.83 [SD 20.58]</td>
</tr>
<tr>
<td>Men</td>
<td>Ingroup (Israeli)</td>
<td>28.70 [SD 18.75]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Palestinian)</td>
<td>23.24 [SD 22.30]</td>
</tr>
<tr>
<td>Palestinian Women</td>
<td>Ingroup (Palestinian)</td>
<td>19.10 [SD 18.29]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Israeli)</td>
<td>19.30 [SD 16.58]</td>
</tr>
<tr>
<td>Men</td>
<td>Ingroup (Palestinian)</td>
<td>20.20 [SD 14.55]</td>
</tr>
<tr>
<td></td>
<td>Outgroup (Israeli)</td>
<td>29.92 [SD 23.17]</td>
</tr>
</tbody>
</table>

*Table 3:* Average percentage of dictator game points transferred by Palestinian and Israeli women and men players in each partner condition.

*Figure 5:* Average percentage of dictator game points transferred by female and male Palestinian and Israeli players in each partner condition.
As Table 3 and Figure 5 show, behavior trends were cut mostly along national lines. Israeli men and women transferred a higher percentage of points to ingroup partners than to outgroup partners. Palestinian women, on the other hand, treated both ingroup partners and outgroup partners equally and Palestinian men transferred more points to outgroup than to ingroup partners. Planned Contrasts showed that the difference between what Palestinian men transferred to outgroup partners and what Palestinian men transferred to ingroup partners was significant (t(264)=1.194, p<.03) and the difference between what Palestinian men and Israeli men transferred to the ingroup was marginally significant (t(264)=1.728, p<.05). Furthermore, planned contrasts also showed that the difference between what Israeli men and Palestinian men gave to outgroup partners was marginally significant (t(264)=1.413, p=.08) and the difference between what Palestinian women and Israeli women gave to ingroup partners was significant (t(264)=1.621, p<.05).

Interestingly, these results show a change in the general trend of behavior of Israeli men and Palestinian women in comparison to the Trust game results. In the trust game the general trend was that Palestinian women showed a tendency towards the ingroup while Israeli men showed a tendency towards the outgroup. In the dictator game Palestinian women treat the ingroup and outgroup the same and Israeli men show a general tendency towards ingroup favoritism.

Thus, the results of the dictator game on its own present unexpected results whereby even in such an extreme environment as the ongoing Palestinian Israeli conflict (right after a period of war), both sides show a willingness to be generous and fair to the other even at a financial cost to themselves. Nonetheless, when the player’s gains are not
dependent in any way on their partner’s decisions (as is the case of the dictator game versus the trust game) Israeli women and men show a tendency for ingroup favoritism while Palestinians, especially the men, continue to favor the outgroup.

Furthermore, taken as a whole, the trust and dictator games provide us with surprising insights. First, men of both nationalities generally speaking seem to be more willing to cooperate and trust than women. In general, women show a tendency to behave more consistently according to group identities, preferring the ingroup or treating the ingroup and outgroup the same. This direction aligns with previous findings that men will show more cooperative behavior than women when they play against a contingent opponent with whom it is worthwhile to cooperate especially when a cooperative strategy seems most likely to maximize their earnings (Buchan et al. 2008; Katz et al. 2007; Rubin and Brown 1975; Walters et al. 1998). It is interesting to note, that the differences between points given in each partner condition in both the trust and the dictator game are smaller among women than among men, hinting that men are operating with more variance based on a strategy for each game whereas the women maintain a more consistent approach.

Second, Israeli men and Palestinian men are driven by different motivations in their interaction with partners from the outgroup. The shift Israeli men show between the trust game and the dictator game suggests a strategic approach in which they are willing to cooperate with Palestinians when they have something to gain from it but when their gains or loss are not dependent in any way on their partner their baseline behavior demonstrates an ingroup favoritism.

Palestinian men on the other hand, show a tendency for outgroup favoritism in both
games. This pattern of behavior on the one hand can be seen as support for the literature on System Justification, whereby members of disadvantaged groups frequently favor higher status outgroups (for a review, see Jost, Banaji, and Nosek, 2004). However, it should be noted that according to System Justification Theory, the degree of outgroup bias shown by the low status group depends on how much the status quo is perceived as legitimate and justified. The more justified the more extensive the outgroup preference will be. The violent ongoing struggle between Palestinians and Israelis is a strong testament to the lack of acceptance of the status quo and thus it is not clear that the rationales of System Justification fit in our case. On the other hand, one could claim that the fact that the status quo between Palestinians and Israelis is not perceived as just or legitimate may explain the relatively narrow outgroup favoritism exhibited by Palestinians in our experiments. It could be that our results underestimate this phenomenon because the lack of legitimization of the status quo reduces, but does not eliminate, the outgroup favoritism on the part of Palestinian men.

An alternative explanation could be one of self-impression management (Murnigham et al. 2001) or a “warm glow” affect (Andreoni 1990) which an individual derives from being kind to others. Palestinians’ choice to transfer a high percentage of their points to Israeli partners despite the tense and complex relationships between the two sides may be an attempt to signal both to themselves and to their partner a positive image of themselves.

**Coupling the Trust and Dictator Games - Disentangling Player A’s Motivations**

To further disentangle and understand the motivations underlying the behavior of Player A towards their ingroup and outgroup partners I used a method developed by Cox...
(Cox 2004, 2009) and others (Ashraf, Bohnet, and Piankov 2003; Capra, Lanier, and Meer 2008; Holm and Danielson 2005), which couples the results of the Trust and Dictator game.

While Player A’s behavior in the trust game has been widely used to test levels of trust, Player A’s behavior in the game may also be motivated by other regarding preferences\(^{31}\) such as fairness. That is, Player A in the trust game may choose to transfer money to player B because he or she trusts that Player B will transfer money back, or Player A may transfer money to Player B from a sense of fairness or purely altruistic reasons regardless of whether he or she thinks Player B will transfer any money back.

Therefore we can see that the mere act of transferring a positive amount of money in the trust game is not necessarily evidence of trusting but can also incorporate other regarding preferences. Cox (2004) proposes that we can derive a pure measure of behavioral trust by taking the difference between Player A’s transfer in a trust game and Player A’s transfer in a Dictator game\(^{32}\). Subtracting the amount transferred in the dictator game (which reflects the level of fairness) from the amount sent in the trust game (which may combine trust and fairness) can provide a measure of trust or at minimum a measure of how much of the behavior in the trust game was driven by self-regarding preferences and trust and how much by other regarding preferences\(^{33}\) (for a detailed

\(^{31}\) Other regarding preferences are preferences over one’s own and other’s material payoffs.

\(^{32}\) This is due to the fact that in the Dictator game Player A has no expectations that Player B will return any money, and thus, any money that Player A transfer in the Dictator game is seen as purely measuring other regarding preferences such as fairness.

\(^{33}\) Nonetheless, it should be noted that as Fehr et al. (Fehr et al. 2003) state: “it is not implausible, however, that the trust game puts subjects in a different mental frame compared to the dictator game. While the trust game is likely to trigger a social exchange frame (“If I trust you and you are trustworthy we are both better off”) the dictator game may trigger a helping or generosity frame absent in the trust game. Therefore, the difference between the transfers in the two games may
Building on this approach, in order to assess the type of motivations that drive the behavior of Palestinian and Israeli players towards ingroup and outgroup partners, we compared the additive difference between transfers in the trust and dictator games for each experimental condition. The larger this difference the more we could assume the behavior of Player A in the Trust game is driven by trust and strategic calculations and less by other regarding preferences.

As Figure 6 below shows, overall, for both Palestinian men and women the additive difference between transfers in the Dictator game and Trust game was larger for ingroup partners in comparison with outgroup partners, while for Israeli men and women players the trend was reversed, with larger differences in the case of outgroup partners in comparison with ingroup partners. This was especially true for Israeli men, for whom the additive difference of transfers between the trust game and dictator game towards the outgroup in comparison with the ingroup was larger than for any of the other player groups. Moreover, planned contrasts showed that the additive difference in trust game and dictator game transfers was significantly higher for the outgroup compared to the ingroup only among Israeli men ($t(264)=2.306, P<0.03$) but no significant difference was obtained for Palestinian men, Palestinian women and Israeli women ($P>0.7$).

This result highlights two main issues. First, that for all the players, whilst to different degrees, motivations in the trust game were a mix of trust and strategic calculations as well as other regarding preferences such as fairness. More interestingly, while Israeli women, Palestinian women and Palestinian men each played with the same
type of motivations towards both ingroup and outgroup partners, motivations of Israeli men diverged depending on whether they played the trust game with an ingroup or outgroup partner. When Israeli men played with an ingroup partner, the main motivation driving their behavior was “other regarding preferences” such as fairness (as evident in the small additive difference between the trust and dictator game behavior). However, when playing an outgroup partner, Israeli men’s behavior was mostly driven by trust and strategic calculations focused on profit maximization (as evident in the relatively large additive difference). This result, corresponds with and further strengthens our conclusion above that Israeli men approached their interaction with outgroup partners in the trust game from a strategic point of view, showing a willingness to cooperate with outgroup partners when they have something to gain from the interchange but at the same time lacking a more empathetic sense of fairness or other regarding preference.

Figure 6: Additive difference in transfers between Trust and Dictator games for Palestinian and Israeli players in each partner condition.
Comparing between Behavioral and Survey Measurements of Trust

In addition to assessing behavioral norms through the games discussed above, I was also interested in determining to what extent survey questions about norms of behavior such as trust predict actual trusting behavior.

Survey questions are extensively used in the study of intergroup relations, including in relation to the Israeli Palestinian conflict, and therefore understanding the extent to which they can predict actual behavior is of great importance. In fact, the question of whether the often-used survey questions on trust (such as the ones employed by the General Social Survey) correlate with behavior measured by experimental games, has received growing attention, especially since its empirical investigated by Glaeser et al. (2000). Glaeser et al. found that attitudinal trust as measured by survey questions, such as the ones used by the GSS, do not predict trusting behavior of Player As in trust games. This finding has been replicated in different contexts by several other studies (for example Danielson and Holm 2002; Etang, Fielding, and Knowles 2010; Johansson-Stenman, Mahmud, and Martinsson 2006). The fact that survey questions have been shown to be problematic as far measuring attitudes and behavior in socially sensitive areas such as intergroup relations, makes this line of inquiry in relation to intergroup conflict and cooperation especially important.

Therefore, in the current study, after completing the trust and dictator games, players responded to a short survey that included two standard survey questions aimed at measuring trust. The questions were based on ones often used in surveys such as the General Social Survey. The first question was focused on assessing attitudes on trust and asked players about the extent to which they think most people can be trusted, while the
second question focused more on past behavior, asking players how often they lend money to their friends.

Table 5 below shows the correlation between the two survey questions and trust behavior as measured by the experimental games. As can be seen, except in one case, the two survey questions regarding trust attitudes and behavior had good internal correlation between themselves, but both of them failed to predict player's behavior in the trust game. Exception was the group of Israeli men who played with an ingroup partner.

These results contribute to an increasing number of studies, which have mostly found weak or no correlation between answers to survey questions on trust and actual behavior in trust games (Ashraf, Bohnet, and Piankov 2006; Bellemare and Kröger 2007; Fehr et al. 2003; Gaechter 2007; Glaeser, et al. 2000; Karlan 2005). However, other studies have found that in certain cases survey questions can predict behavior (Capra, Lanier, and Meer 2008; Holm and Danielson 2005; Lazzarini et al. 2004). Further research is needed to identify the main contextual factors that moderate this correlation.

Nonetheless, the current study expands research findings to include results from a unique case of two real-world groups who are engaged in an ongoing conflict. The lack of correlation between survey questions on trust and actual behavior in the experimental games strengthens the argument that especially in socially sensitive cases, such as intergroup relations, self-report measures of attitude and behavior may be problematic and should be complemented and compared with results of experimental games. Combining survey and experimental games can help cross-validate survey data and behavioral data from experiments (Fehr et al. 2003).
Table 4: Pearson Correlation (and their significant level) between survey questions and actual behavior in the trust game.

Conclusion

In summary, as will be discussed more in detail in the concluding chapter, our results provide an interesting counter to the general assumption of ingroup favoritism between groups in general and even more so between groups that are in an extreme rivalry. The results show that when actual behavior, and not only ideological attitudinal statements of individuals, is put to the test a chance for cooperation, trust and fairness exists even in such an extreme case as the Palestinian Israeli conflict. The results show that even though ingroup bias exists, players nonetheless transfer money to outgroup partners even at a personal monetary loss. None of the results showed outright hostility towards the outgroup. Moreover, the findings show that men of both nationalities overall seem to be more willing to cooperate and trust than women. However, Israeli men and Palestinian men are driven by different motivations, with Palestinian men showing a tendency for outgroup preferences for reasons that have to do with image management and power relations, while Israeli men seem to be driven by strategic calculations of self-
profit maximization. In addition, the methods applied and the results, especially the ability to disentangle the motives behind player’s behaviors by coupling the trust and dictator games and the lack of correlation between surveys and behavior, highlight the importance of using multiple experimental measures in order to better understand norms of behavior in sensitive areas such as intergroup relations.
Chapter 9: Conclusion – Key Findings, Implications and Questions for Future Research

A voluminous literature from across the social sciences, especially in political science and social psychology, has dealt with the role that intergroup norms of behavior, such as trust, fairness and cooperation, play in causing, sustaining and potentially overcoming intergroup conflicts. However, there are conflicting positions in the literature regarding the extent to which these intergroup norms of behavior may be found during times of conflict. Moreover, despite their importance, the empirical demonstration and testing of these norms and the motivations that drive them, especially at the individual level, have been relatively limited. To a large extent, our understandings of these norms and motivations, are build on untested assumptions, possibly biased measures of attitudes and behavior, or on findings based on artificial environments of laboratory minimal group experiments (groups created on the basis of random categories for the purpose of the experiment). Therefore, in order to better understand the causes of intergroup conflict and the opportunities for cooperation, there is a need to rigorously test and demonstrate the extent to which norms of trust, fairness and cooperation exist during times of conflict and the type of motivations—rational utility maximization versus emotions and group level grievances—that drive and shape these norms.

In this dissertation I sought to enhance our understanding of intergroup relations by empirically testing the extent to which norms of trust, fairness and cooperation exist between groups engaged in one of the most active, violent, and salient conflicts in the world, the Palestinian-Israeli conflict. This research used experimental games to empirically demonstrate and measure the effect of group identity on intergroup norms of
trust, fairness and cooperation, in the context of a real-world conflict. Implementing a large-N study with West Bank Palestinians and Israeli Jews in the weeks following the Gaza war, a time of high conflict saliency, I tested the choices participants made, when required to balance between rational decision making, focused on utility maximization, and psychological factors, associated with the group level dynamics of the conflict. This allowed me to go beyond the participants’ ideological statements and directly test the divergent assumptions made by the different strands of intergroup relations literature regarding intergroup norms of behavior. In doing so, this research joins a relatively small but growing group of studies that have used behavioral experiments with naturally occurring groups to study the effects of identity on behavior, and an even smaller group of studies that have done so in the context of a real-world conflict. The results of the experimental games between Palestinians and Israelis provide us with a better understanding of the underpinnings of intergroup interaction, the connection between individual attitudes and behavior, help adjudicate between the different theories of intergroup relations, enhance our methodological approach towards the study of intergroup relations, and provide insights into the Palestinian-Israeli conflict itself.

This concluding chapter will review the key findings of my research, discuss the implication of the results for intergroup relations theory and policy, and consider possibilities for future research before concluding.

Key Findings

Overall, the results of this research show that when we empirically test the effect of group identity on intergroup norms of behavior, a more complex and nuanced picture emerges than what any single approach in political science or social psychology presents.
The behavioral experiments I undertook with Palestinians and Israelis provide four main findings regarding the types of intergroup norms of behavior that exist between groups engaged in a real-world active conflict and the connection between individual attitudes, preferences and behavior:

1. A first main finding of the research is that when behavior of real-world groups is rigorously tested, we find that intergroup norms of cooperation, trust and fairness exist even in such an extreme case as the Palestinian-Israeli conflict. Given the extremely charged environment in which the experiment took place, this finding contradicts the general assumption made by the social psychology literature as well as by some of the political science approaches, whereby, at minimum members of groups engaged in a conflict will show ingroup bias, but in such an extreme case of competition and conflict over real and symbolic resources with a deep sense of threat, we should also expect to find outright hostility towards the outgroup (Brewer 1979; Stephan and Stephan 2000). The results of the current study show, that even when Israeli and Palestinian players displayed ingroup bias, the magnitude of the bias was relatively small for such a hostile intergroup context, where, based on some of the assumptions made by the literature, we would anticipate to find extreme ingroup bias coupled with outright outgroup hostility. However, in the experiments, both Israeli and Palestinian players transferred parts of their endowment to outgroup partners and the differences between transfers to ingroup and outgroup partners were smaller than one would have expected between such rival groups. Results showed that in the trust game Palestinian and Israeli players transferred between 25-39% of their endowment to outgroup partners, which, while lower than the 50% that studies have found that players transfer on average in this game, is still not an
insignificant amount. In the dictator game, which assessed norms of fairness, players transferred on average around 20% of their endowment to outgroup partners, a finding which is in accordance with what studies have shown to be the average transfer for players. Thus, despite the findings of ingroup bias, there were also surprising levels of trust and fairness between the sides and no direct outgroup hostility.

2. A second finding of the research is that when norms of behavior are empirically tested with real-world groups we find behaviors that conform to assumptions made by both the rational choice and psychological based theories of intergroup relations. This finding is in contrast to the tendency, especially in political science, to present these two approaches as contradicting and discrete theories (for a discussion see Horowitz 1999). The results emphasize that in seeking to better understand intergroup conflict and cooperation, it is important to use empirical data to help identify and determine the different motivations that constrain and shape intergroup behavior. Further research is needed to better understand the specific conditions under which each of these motivations and behaviors emerge.

As was discussed, building on the underlying assumptions made by the rational choice and psychology based approaches, I drew out a set of divergent hypotheses regarding the ways in which we would expect Palestinians and Israelis to behave and interact within the experimental games. The hypothesis varied as to what extent, in such a charged environment, baseline norms of individual behavior will be driven by an inherent intergroup competition, bias and animosity - seen by the psychological theories as intrinsic result of intergroup relations - and to what extent they will be driven by what the
rational choice approaches see as the main driver of behavior - individual utility maximization and concerns of security.

On the one hand, based on the psychological approaches, that see individual action as driven not only by materialistic interests but also by group level dynamics and their psychological and emotional effects, I hypothesized that Palestinians and Israelis would bring their daily experiences, shaped by group status and relationships, to bear on their individual interactions. Specifically, I hypothesized that in the trust game we would see deep mistrust of the outgroup, with players showing significantly higher levels of trust towards ingroup partners in comparison with outgroup partners. In the dictator game, the hypothesis was that players would show significantly lower levels of fairness towards partners from the outgroup in comparison with partners from the ingroup.

On the other hand, building on rational choice approaches, I differentiated between a pure form of rational choice theories, whereby individual behavior will be driven first and foremost by utility maximization, and a more nuanced form, which also considers macro level conditions and psychological drivers. If players are motivated purely by utility maximization, we would expect to see no intergroup bias in the trust game. Also, as players have no inherent hostility towards individuals from the other group, we would also not expect to find intergroup bias in the dictator game. However, based on the more nuanced approach, I hypothesized that while players would not show bias in the trust game, they would show some intergroup bias in the dictator game, where exhibiting favoritism towards the ingroup and hostility towards the outgroup could be achieved without compromising personal gains (as opposed to the trust game where Player A’s profits depend on Player B’s reciprocity).
The results of the experiments reflect behaviors that conform to both the psychological and rational choice based approaches. The behavior of the players showed that the type of motivation that drives behavior—whether profit maximization or group level grievances—depends on the demographic group and specific game. Thus, Israeli men’s behavior can be understood to conform to the nuanced rational choice approach. In the dictator game, Israeli men showed a tendency towards ingroup bias and discrimination of outgroup partners, behavior that we can hypothesize was affected by the group level dynamics of the conflict. In the trust game, on the other hand, Israeli men showed outgroup favoritism. One possible explanation for the difference in Israeli men’s behavior between the trust and dictator game can be that Israeli men are driven by strategic calculations and a preference for profit maximization. Findings from the coupling of the trust and dictator game together further strengthen this hypothesis, showing that the main motivation driving Israeli men’s behavior towards outgroup partners in the trust game were strategic motivations and not motivations of other regarding preferences such as altruism and fairness. Therefore, one possibility is that Israeli men’s outgroup favoritism in the trust game was aimed at motivating their Palestinian partners to reciprocate, while in the dictator game their behavior was driven by group dynamic issues connected to the bi-national conflict. In other words, Israeli men were willing to put aside ideology and cooperate with Palestinians when they had something to gain from it (trust game), but when their gains or losses were not dependent in any way on their partner, their baseline behavior was of ingroup favoritism (dictator game), showing more limited fairness and altruism towards outgroup partners in comparison with ingroup partners.
In comparison, Palestinian men demonstrated behavior that can be explained as driven mostly by group level dynamics and not by profit maximization. While, like Israeli men, Palestinian men also showed outgroup bias in the trust game, in contrast to Israeli men, behavior of outgroup favoritism remained consistent also in the dictator game. Moreover, coupling the trust and dictator game together showed that Palestinian men’s behavior both towards ingroup and outgroup partners was driven by a similar mix of strategic and other regarding preferences. Although the direction of bias in Palestinian men’s behavior was reversed in comparison to the hypothesis I laid out based on the psychological based approaches (outgroup bias instead of ingroup bias), it nonetheless can be seen to reflect the effect of group level grievances on Palestinian men’s behavior.

One possible explanation for both Israeli and Palestinian men’s behavior is based on the power relationships between the two groups. The relationship between Palestinians and Israelis is one of significant power and status differentials. The political reality on the ground, including the status of each side’s national state, military power and the continuing occupation, position Israel and Israelis as the dominant group. The internalization of these power relations by both Israelis and Palestinians may be one of the forces shaping and driving their behavior in the games.

Israeli men are members of what can be considered as the most dominant and high status group in my experiments. One explanation for their behavior in the games, whereby they cooperated with Palestinians when they had something to gain from it (trust game) but showed ingroup favoritism when their gains or losses were not dependent on their partner (dictator game), is that it reflects an effort to preserve and legitimize their own sense of superiority and power. Israeli men in this case may see Palestinians as the
weaker, lower status and less deserving group. Therefore, when Israeli men’s self-interest was not at stake (dictator game), they showed a bias against Palestinian partners in comparison with ingroup partners. Findings from social psychology and especially from System Justification Theory support this explanation, showing that the highest status group will more often show automatic ingroup bias in comparison with lower status groups (Jost, Banaji and Nosek Rudman 2004, Feinberg and Fairchild 2002). Therefore, Israeli men’s behavior can be understood as driven by the social hierarchy in which they are embedded and to reflect as well as reinforce the exiting status division and power differentials.

The issue of status hierarchy can also help explain the behavior of Palestinian men, the lower status group in the experiments. Studies of intergroup relations have shown that when there are power differentials between groups, the disadvantaged group may show an internalization of the status hierarchy, exhibiting outgroup favoritism especially on implicit measures of attitudes and behavior. For example, studies have found that Blacks implicitly favor whites (Ashburn-Nardo, Knowles, and Monteith, 2003) or show equally favorable implicit attitudes toward whites and blacks (Livingston, 2002; Nosek, Banaji, and Greenwald, 2002). Therefore, one possible explanation for outgroup bias exhibited by Palestinian men in both games is that it is a reflection of the internalization of the power dynamics of the Israeli occupation and power differentials between the groups (Jost 2001) or, alternatively, an attempt to signal both to themselves and to their partner a positive self-image. Regarding this latter explanation, transferring more money to Israeli partners than Palestinian partners, may be an attempt on the part of
Palestinian men to show a type of independence, power and status (e.g. they do not need the money and can allow themselves to transfer it to their Israeli partners).

As opposed to Israeli and Palestinian men, women of both nationalities behaved in a way that corresponds with the assumptions made by the psychological based theories, showing a consistent tendency towards ingroup bias or treating ingroup and outgroup partners the same in both games. However, this bias was smaller than would be expected by the psychological based approaches in such a heated and intense conflict. Nonetheless, the tendency for ingroup bias hints that women are driven more by motivations of group level grievances than by profit maximization. As will be discussed below, the finding that women behave differently than men and show ingroup bias, contributes to an ongoing discussion in the literature about the effect of gender on trust and altruistic behavior (Buchan, Croson, and Solnick 2008; Croson and Gneezy 2009) and the role of women in peace building activities (Tessler, Nachtwey, and Grant 1999; Yablon 2009).

Taken together, these results emphasize that when we empirically test individual level norms of behavior in the context of a real-world conflict, we find that both motivations of utility maximization and psychological and emotional motivations associated with the group level grievances drive intergroup interactions. Specifically, as the differences in behavior between Palestinian and Israeli men and women highlight, among some demographic subsets of the population individual-level incentives of profit maximization will likely trump motivations stemming from group-level grievances even in the context of the most salient and violent conflicts, while, in other situations and among other demographic subsets, group level dynamics will override individual profit,
leading individuals to forgo individual gain in order to favor their own group or hurt the outgroup.

3. Building on the above discussion, a third main finding, is that gender plays an important role in explaining intergroup interaction between Palestinians and Israelis. Surprisingly, my results show that overall, in the case of the two nationalities, men are more willing to cooperate, trust and be fair towards others than women. In addition, and as detailed above, the results show that women and men are driven by different motivations and that women show more consistent tendencies. While the behavior of Israeli and Palestinian men differ, Palestinian and Israeli women show similar and consistent tendencies of ingroup bias in both the trust and dictator games. These findings contribute to an ongoing discussion in the literature regarding gender differences in social preferences as well as in attitudes towards peace. Extensive research has provided mixed results regarding both the effect of gender in experimental games that test social preferences (for a review see Croson and Gneezy 2009) and in attitudes and behavior towards conflict and peace (for a review see Tessler, Nachtwy, and Grant 1999; Yablon 2009). The results of the present research are in contrast to findings that women hold more positive attitudes towards their conflict groups than men, but align with studies that have found that women will be more sensitive than men to the identification of their counterpart including the social distance from them (Cox and Deck 2006). Differences between women and men have been attributed to numerous factors including preferences for risk, competition, and differences in social preferences (Croson and Gneezy 2009).
Interestingly, when testing the “gender peace hypothesis” (Tessler and Warriner 1997), scholars found (Tessler, Nachtwey, and Grant 1999) that in the Middle East (including Israel and Palestine), in contrast with Western countries, there was no statistically significant relationship between gender and attitudes toward conflict and cooperation. But as stated, other studies have found contradicting results (Yablon 2009).

4. Lastly, a fourth finding of the research was a lack of significant correlation between self-reported attitudes and actual behavior in relation to trust. The results show little correlation between behavior in the trust game and responses to the survey questions aimed at measuring trust attitudes. This finding contributes to a growing body of work that finds mixed results regarding the correlation between responses to survey questions on trust and actual behavior in experimental games (Ashraf, Bohnet, and Piankov 2003; Bellemare and Kröger 2007; Fehr et al. 2003; Glaeser et al. 2000; Karlan 2005) and highlights the need for further research to identify the main contextual factors that moderate this correlation. Understanding the extent to which survey and interview questions can predict actual behavior is of importance as these methods are extensively used in the study of intergroup relations and have been shown to be susceptible to distortion and bias when dealing with sensitive topics such as intergroup relations.

**Implications of the Findings for Theory and Policy**

The results described above present several significant implications for the development of intergroup relations theory, for advancing more effective methodology

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34 This hypothesis posits that women are more peace-oriented than men, showing moderation, accommodation, compromise, tolerance, and pacifism in relation to world affairs.
for the investigation norms of behavior, and for enhancing policy related to the
Palestinian-Israeli conflict and intergroup relations in general.

First, the findings of the current study present us with a more nuanced account of
intergroup relations, whereby when we empirically test intergroup norms of behavior,
even in such extreme political environments as the Palestinian-Israeli conflict, we find
that behavior is driven by motivations associated with both rational choice and
psychological approaches. In other words, intergroup behavior is likely to be both
passionate and calculative (Horowitz 1999). If we seek to better understand intergroup
conflict and cooperation we need to take into account that both motivations of utility
maximization and group level grievances may be at play and to gain a better grasp of the
conditions that motivate and constrain these motivations. In turn, this more nuanced
approach will lead to a better understanding of the opportunities for conflict management
and conflict resolution. In the case of the current study, we have learned that when
mutual gain is possible and the right incentive structures are in place and made tangible,
some members of society can overcome group biases in favor of individual interests,
holding promise for our ability to alleviate group-level conflict.

Building on this point, a second implication of the research suggests that the study
of intergroup relations can gain by researchers integrating behavioral experimental
methods with other empirical methods. For example, the findings of the current study
reflect some of the ways in which the combination of control and randomization and the
ability to observe actual behavior allowed by behavioral experiments can help to
overcome some of the challenges associated with survey methods and help to isolate and
identify cause and effect. In addition, the findings highlight the way in which
experimental games allow us to juxtapose and test competing assumptions as well as identify the underlying motivations of player’s behavior. In the experiments with Palestinians and Israelis, I was able to demonstrate and test not only the overall outcome—whether there was intergroup bias or not— but also to contrast and compare between the players different motivations and determine which ones—profit maximization or psychological motivations—were driving players’ behavior. The results revealed divergent motivations and behaviors on the part of different type of players, exemplifying the ways in which the experimental method help us to achieve nuanced findings regarding intergroup norms of behavior. Comparing and combining such findings at the individual level with findings from observational methods including surveys can help to reduce the risk that we overestimate or underestimate the chances for conflict and cooperation and can help develop more substantiated macro level theories of intergroup relations and more effective policy prescriptions.

A third main takeaway from my research is a recommendation to frame and present compromises in future negotiations around the Palestinian-Israeli conflict in a way which highlights the individual benefits that can be gained. On the one hand, the finding that Israeli men, approach their interaction with Palestinians in a strategic way, provides some encouragement regarding the opportunity for overcoming the emotional aspects of the conflict and attaining more pragmatic compromises between the sides. However, the findings that Israeli men are willing to cooperate, when their personal gains are concrete and dependent on their partner’s reciprocity, emphasizes that if we are to attain Israeli men’s cooperation and buy-in for future agreements, compromises will need to be framed in a way that highlights individual benefits in a clear and tangible manner.
Moreover, as Israeli men play key roles as negotiators, politicians, and army generals in the Palestinian-Israeli conflict, this finding also raises questions for future research regarding whether such strategic norms of behavior also characterizes Israeli men who are in position of power and leadership.

Finally, my findings also lead to a recommendation not to rely only on polls and surveys when assessing people’s attitudes and willingness to cooperate and compromise but to also to test actual behavior. Surveys and interviews are extensively used in the study of intergroup relations. In the Palestinian-Israeli conflict, not only has academic research broadly relied on these methods, but public polls and surveys also drive many of the decisions made by Palestinian and Israeli politicians (Shamir and Shikaki 2010). However, as previously discussed, studies have shown that, especially when it comes to sensitive areas such as intergroup relations, self-report measures of attitude and behavior can be biased and may not always correlate with actual behavior. My own findings show a lack of significant correlation between survey questions about trust and actual behavior in the trust game. On the other hand, as discussed, we can not be certain to what extent either the survey or the trust game truly capture and represent real-world attitudes and behavior. Thus, when assessing people’s attitudes towards each other and towards compromises, we need to take into account that relying on self-report measures or on experimental methods alone may lead us to misunderstand and misinterpret the probability of conflict and as well as the opportunities for cooperation. It is therefore important to not only depend on one single method but use both attitudinal statements and test individual’s behavior when assessing attitudes and norms of behavior.
One way to do this is to integrate behavioral experiments within representative surveys, thereby overcoming crucial weaknesses of both approaches. While experimental methods enhance our ability to test the interaction of relevant variables and ascertain causality, surveys help to inform what we observe behaviorally and expand the scope of the research. Applying both methods will allow researchers to overcome important limits of both methods as well as cross-validate survey data and behavioral data from experiments. As a result we will gain more substantiated understanding of the actual willingness of people to trust, cooperate and be fair to individuals from another nationality or group and the conditions that may motivate cooperation and reconciliation. The ability to implement surveys and experiments online can greatly facilitate the integration of experiments and surveys and enable experiments that are interactive. For a discussion of how to integrate interactive experiments within representative surveys see Fehr et al. (2003). Furthermore, as will be discussed below, future research can also integrate findings from survey data, behavioral experiments together with behavior in real-world settings in order to further strengthen and validate findings.

**Directions for Future Research**

Beyond the specific insights that the findings provide for our understanding of intergroup relations and the Palestinian-Israeli conflict itself, the study also suggests several directions for future research.

One useful direction would be to replicate the experiments undertaken in my study, with Palestinians and Israelis and with other groups engaged in conflict, and expand the type of variables investigated (to include variables such as risk preferences, empathy etc.). A key advantage of the experimental method is the clear order of
operations that allow researchers to easily replicate existing experiments, strengthening the robustness and external validity of the original results. As discussed, despite the advantages of behavioral experiments, relatively few scholars have used them to empirically demonstrate and test intergroup norms of behavior during an active conflict. Therefore, by replicating and expanding the current experiments, future research can further develop and extend the results and provide cross-national comparisons that will deepen our understanding of intergroup relations.

In addition, and especially given the growing interest in the role of women as peace-makers, an important direction for future research would be to further explore the motivations and behavior of Palestinian and Israeli men and women around issues of intergroup relations across different contexts and under different conditions. Findings from this research will provide important insights regarding gender differences in attitudes and behavior toward conflict, cooperation and peace in the Palestinian-Israeli conflict and beyond. Furthermore, taking into account the findings of Israeli men’s strategic approach and the leadership roles Israeli men hold in relation to the Palestinian-Israeli conflict, an interesting and important direction for future research would be to evaluate the differences in norms of behavior between the general population and leaders regarding intergroup trust and cooperation. Do Israeli men who hold leadership positions behave according to the same norms as the general population? Findings in this regard will inform future negotiations between the two sides and cooperation building processes.

Moreover, my research aimed to bring together the empirical methods and individual level approach of social psychology and behavioral economics with the macro level and real-world focus of political science studies. Despite the fact that these fields
have a great deal to say to each other regarding the study of intergroup relations (see Horowitz 1985; Petersen 2002 for some examples of integration), overall, the approaches each field developed are quite distinct and emphasize different dynamics to explain group formation, the roots of intergroup conflict, and processes of cooperation building (Bar-Tal 2004). An additional direction for future research would be to continue and further integrate between the different approaches, both in content and in methodology. To expand our understanding of what drives intergroup conflict and cooperation, findings of individual level behavior from laboratory experiments in social psychology can be applied towards the study of real-world groups engaged in complex political setting.

In addition, as discussed above behavioral experiments and observational data methods provide important tools in the study of intergroup relations but are also subject to methodological limitations. Choosing between methods inherently involves tradeoffs and the reliance on a single method limits the richness and empirical strength of the results. Therefore, by implementing a more interdisciplinary approach which simultaneously uses multiple methods, future research can help us not only better understand the factors which limit the correlation between the different methods but also overcome the challenges of each method. In other words, one way for future research to expand and deepen our understanding of intergroup relations is to triangulate between field and laboratory experimental results, survey responses and real-world behaviors. For example, in his study of social capital Karlan (2005) compared between the behavior of villagers in Peru in experimental trust and public goods games with survey responses and actual repayment of loans to a Peruvian group lending microfinance program. In the case of intergroup relations data gathered from behavioral experiments regarding norms of
behavior such as trust, cooperation, and fairness can be cross validated not only with survey questions but also with measures of real behavior from data on trade, contribution to public goods, risk premiums on contracts etc. Another possibility could be to use fMRI to scan players’ brains as they interact in behavioral games with ingroup and outgroup players in order to investigate which parts of the brain are activated in each scenario. Research that examines issues from these different perspectives and uses multiple methods will improve our understandings of the strengthens of each method and the correlations between them as well as provide a richer and broader understanding of the studied phenomenon, better link micro and macro level processes and improve the generalizability and validity of the findings.

Lastly, my experiments reflect the potential of using online platforms for the study of intergroup interaction across national groups. The Internet makes it possible to administer realistic experimental designs on a worldwide scale with manageable expenses. The Internet has removed some of the traditional barriers to experimentation, uniquely allowing us to test cross national and cultural intergroup interactions, often in real time and despite geographic distances. Moreover, the fact that online interaction has become an integral part of many people’s lives (for example through Facebook), means that in many cases, using online platforms to test intergroup behavior can be seen as authentic and realistic. Thus, there is much room for future research to leverage the opportunities offered by online platforms in order to empirically test and assess intergroup interaction across a wide array of groups.
Closing Thoughts

As this dissertation is being written, tensions between Palestinians and Israelis continue to be high, violence is occurring daily and the conflict appears to be stuck in a deadlock. On the face of it, this reality seems to reflect what a large intergroup relations literature in political science and social psychology assumes to be intergroup bias and hostility that are inherent and typical of cases where threat and conflict over real and symbolic resources exist. However, as was discussed throughout this dissertation, while this literature makes clear, although divergent, assumptions about the individual motivations and norms of behavior that drive such group level outcomes, the empirical investigation and evaluation of these underlying norms has been limited. In conflicts like the Palestinian-Israeli conflict, our knowledge of the attitudes and norms of behavior of everyday Palestinians and Israelis is mostly based on observational data, polls and surveys, that provide an important, but also limited and sometimes distorted understanding of the potential for both intergroup conflict and cooperation.

In order to best understand the causes of interethnic hostilities and, importantly, to properly identify the possibilities for motivating cooperation and overcoming conflict, it is critical that intergroup norms of behavior be rigorously assessed and studied at the micro as well as the macro level. Research that incorporates, as this dissertation has attempted to do, the approaches and methodologies of diverse fields such as social psychology, behavioral economics and political science, can help move us forward in this direction. Specifically, the results of this dissertation highlight the importance and the advantages of using behavioral experiments to empirically test intergroup norms of behavior in a situation of real-world violent conflict. The findings provide not only an
empirical testing of the underlying assumptions made by the literature regarding the type of individual norms of behavior we may expect to find in a context of extreme intergroup conflict, but also unique insights into the Palestinian Israeli conflict itself. However, as was emphasized, this type of micro level behavioral research is only one part of the puzzle and should be seen as a building block for and an integral part of the development of macro level theories as well as more effective policies.

In the early 1990s, for a short moment in time, a generation of Israelis and Palestinians felt a hope that reconciliation and a more just and peaceful future for the two people may be feasible and approaching. That hope has since been shattered many times over. However, it is precisely in these situations and at these moments that research, such as the current study, can make important, significant and useful contributions to our understanding of intergroup conflict and cooperation, introduce new ways of thinking about the possibilities for resolving conflicts such as the Palestinian-Israeli one and suggest what individuals, policy makers and leaders can do to realize them.
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