

The Political Economy of Attitudes toward Peace among Palestinians and Israelis

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This study evaluates the degree to which economic evaluations help to explain attitudes toward peace among Palestinians and Israelis in the years following the 1993 Oslo accords. It first applies insights from political science and economics to the Israeli-Palestinian context, deriving hypotheses that are then tested using survey data from Israel and Palestine (West Bank and Gaza) collected between 1996 and 2001. Findings show that economic orientations have both a direct and indirect impact on attitudes toward negotiations and compromise. On one hand, economic evaluations are directly related to foreign policy attitudes through what appear to be cost-benefit calculations regarding the expected economic consequences of peace. Economic judgments also influence attitudes toward peace indirectly by contributing to levels of confidence in political leaders, which in turn influence the way that citizens assess the peace negotiations in which their leaders are engaged.

The Arab-Israeli dispute has played a critical role in shaping the political landscape of the Middle East and has been the focus of considerable social science research. Only a small portion of this research has explored the determinants of popular attitudes toward the conflict, however, and the factors that shape Palestinian public opinion have been particularly neglected. The present study responds to this gap by investigating factors that influence how ordinary Palestinian and Israeli citizens think about the conflict.

Understanding popular attitudes toward issues of war and peace may be approached from different theoretical perspectives. The political culture approach, for instance, is prevalent among scholars who argue that shared norms and values are the basis of political attitudes. In the context of the Middle East, this approach often regards religion and religiosity as critical influences on views about conflict, and it often links strong religious attachments to aggressiveness, militancy, and opposition to compromise. We have pursued this approach elsewhere in some detail, focusing on the influence of Islamic orientations and finding that religious piety has little explanatory power among Muslims in Palestine and four other Arab countries (Tessler and Nachtwey 1998).

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By contrast, support for political Islam does have an impact on attitudes toward the conflict, but this nonetheless leaves most of the variance unexplained. Finally, we have also tested the hypothesis that women are more predisposed toward peace than are men. We analyzed nine data sets from Israel and five Arab countries, including Palestine, and found no evidence of a significant sex-linked difference in any of the analyses (Tessler, Nachtwey, and Grant 1999).

Against this background, with considerable variance remaining unexplained, we use the present analysis to explore economic, rather than cultural or demographic, influences. This approach, often described as a political economy perspective, is based on the belief that political attitudes are shaped at least partly by economic conditions and by judgments about the ability of political leaders to promote economic well-being. This belief is supported by research in the United States and other Western democracies, which has been useful in delineating the conceptual and empirical linkages between economic variables and various political attitudes and behavior patterns. Economic influences are likely to be important in other settings too, including not only democratic Israel but also the non- or quasi-democratic Palestinian case. On one hand, economic problems have contributed to increasing public dissatisfaction with government leaders and policies, especially among Palestinians. On the other hand, financial considerations have become an increasingly important aspect of Palestinian-Israeli relations.

In applying this political economy perspective, the present analysis will assess the degree to which economic evaluations help to explain attitudes toward the Palestinian-Israeli conflict in the years following the 1993 Oslo accords. It first applies insights from political science and economics to the Israeli-Palestinian context, deriving testable hypotheses that are applicable both to the conflict and to social science inquiry more broadly. The proposed relationships are then tested using recent survey data from Israel and Palestine. Findings show that economic evaluations are indeed important for understanding views about the conflict and its resolution.

THE ECONOMICS OF POLITICAL BEHAVIOR

STRATEGIC CALCULATIONS

A rational choice perspective offers the most direct way to conceptualize the relationship between economic considerations and opinions about international conflict. This approach is grounded in the assumption that political judgments result from individual cost-benefit calculations. Citizens consider how policy outcomes will affect their well-being and then give or withhold their support based on these expectations. Research in the United States, for example, demonstrates that Americans often perceive trade-offs between foreign policy and domestic objectives. One study shows that decreased support for defense spending coincides with increases in the national deficit, indicating that economic constraints influence views about foreign affairs (Knopf 1998). Other research reports that Americans are less likely to support an intervention-

ist foreign policy if they believe domestic issues, especially economic ones, are the nation's priorities (Chanley 1999).

The nature of the relationship between economic perceptions and attitudes toward international conflict may depend on the particular way that individuals link domestic conditions to foreign policy goals. Those who blame economic problems at least partly on an international dispute may be more likely to support efforts to reach a timely and peaceful resolution of that dispute. In this case, prolonged conflict is viewed as a drain on resources, a constraint on the free flow of trade and capital, or some other impediment to economic improvement. Alternatively, citizens may view an international conflict as a means to improve the economic situation, possibly through the acquisition of resources or by challenging the existing domestic or international economic power structure.

Such calculations become more complicated when evaluated in relative rather than absolute terms. Scholars of international political economy often contrast liberal and realist ideological perspectives in this regard (Friedan [FRIEDEN IN REF.] and Lake 1991; Gilpin 1987). To liberals, international economics and politics run largely independent courses. The nature of the market, if left unencumbered by political obstacles, will foster productive economic relationships as states seek to enhance their comparative advantage. The result is increased wealth and economic growth for all actors. The political consequences are advantageous as well. To sustain a mutually advantageous economic situation, states have a great incentive to cooperate and peacefully resolve any conflicts that arise.

For realists, political and economic objectives are interwoven, with political power, rather than wealth, being the most important national objective. Although economic relations may enhance political and military power, they may also reduce state power. For example, powerful states may benefit disproportionately from economic arrangements, thereby perpetuating existing inequalities and making other states more vulnerable. For this reason, realists are less concerned with the absolute benefits that economic cooperation may bring than with the distribution of such benefits and its effect on the overall balance of power. Accordingly, they are more likely than liberals to anticipate the possible negative consequences of economic interaction.

Thus, in addition to considering the potential for economic advantage, citizen attitudes toward international conflict may reflect strategic calculations about the consequences of a particular foreign policy. Citizens with a realist outlook would tend to evaluate foreign policy less on the basis of absolute socioeconomic benefits and more in terms of relative gain or loss in the political as well as the economic arena. Potential economic gain in this case would not be sufficient to produce support for either pursuing or seeking to resolve an international conflict if to do so would increase the relative political power of an adversary.

THE IMPORTANCE OF CONFIDENCE

A less direct but no less useful way to theorize about the relationship between economic perceptions and international conflict is through the linkages examined by scholars of political behavior. Their research has demonstrated that economic condi-

tions and perceptions of these conditions have considerable influence on voting behavior, incumbent satisfaction, and policy support (Kinder and Kiewiet 1979; Lewis-Beck 1988; Pacek and Radcliff 1995; Cuzán and Bundrick 1997; Gabel and Whitten 1997; Weyland 1998). In general, these studies demonstrate that economic problems and citizen dissatisfaction with economic performance reduce support for the political status quo.

Economic performance influences more than judgments about government officials and policies, however. A number of scholars contend that economic concerns, including perceptions of poor economic performance, are associated not only with lower levels of incumbent support but also with diminished trust in public institutions and reduced satisfaction with democracy (Kornberg and Clarke 1992; Weatherford 1992; Lockerbie 1993; Anderson and Guillory 1997). Similarly, a cross-national study of European countries reports that inflation and unemployment have a direct influence on support for political reform, as well as an indirect impact through such variables as life satisfaction and satisfaction with democracy (Clarke, Dutt, and Kornberg 1993). Confidence in the political order is thus grounded in the government's ability to meet public needs by ensuring a stable and healthy economy. Persistent failure to do so, by contrast, may undermine government legitimacy and erode confidence in the regime itself.

Constraints on public policy, including foreign policy, may be an additional consequence of distrust and dissatisfaction. If citizens distrust the motives of their leaders and doubt their ability or desire to defend the public good, they are less likely to give these leaders discretion in policy making, thereby limiting their room for maneuver and innovation (Weatherford 1992). Put differently, a government's inability to solve economic problems may foster doubt about its policies more broadly. Many of its policies may be discredited in the eyes of those who believe it is misguided, corrupt, or both.

In sum, the theoretical linkage between economic considerations and attitudes toward foreign policy may be direct or indirect. In the former case, citizens judge foreign policy alternatives by weighing costs and benefits and then give or withhold support according to the socioeconomic consequences they expect to result from a particular policy. Moreover, this calculation may be made with strategic considerations in mind, so that costs and benefits are also considered in relation to the implications for other actors, particularly adversaries. In the latter case, support or opposition to a particular foreign policy may be determined to a greater degree by confidence in the government. The substantive qualities of an individual policy mean little if the government is viewed as being too inept or dishonest to implement it effectively and with the public interest at heart. Policy alternatives thus may not be evaluated independently, with respect to their merits, but rather in terms of confidence in the policy's architects. Although distinct, these theoretical approaches are not mutually exclusive. Citizens may use or combine both types of reasoning when formulating opinions about foreign policy, including issues of war and peace.

Although grounded primarily in research conducted in Western societies, these theoretical perspectives have implications for analyzing political attitudes in the Middle East. The following section thus considers how concerns of economic well-being,

political vulnerability, and government legitimacy may influence attitudes toward compromise and reconciliation among Israelis and Palestinians.

THE ECONOMICS OF ATTITUDES TOWARD THE ISRAELI-PALESTINIAN CONFLICT

Recent experience indicates that economic circumstances and perceptions may have significant political implications in the Middle East. Two arguments are presented below to link the economic concerns of ordinary citizens to their attitudes about the Israeli-Palestinian conflict. The first focuses on views about the economic dimension of Arab-Israeli relations. Fundamental to this approach is an understanding of the ways that citizens assess the economic costs and benefits of peace based on territorial compromise and mutual recognition. The second argument emphasizes perceptions of government legitimacy, considering whether and how judgments about government performance influence views about public policy, including foreign policy.

THE ECONOMICS OF PEACE

Although attitudes toward the Palestinian-Israeli dispute are sometimes understood in moral, religious, or even existential terms, everyday socioeconomic concerns are also likely to influence the way that ordinary citizens view the conflict. The conflict is a daily reality, and attempts to resolve it have concrete implications. Thus, not surprisingly, previous research suggests that cost-benefit considerations are very useful in understanding Arab and Israeli attitudes. For example, a survey in Israel found that individuals are more likely to support the establishment of a Palestinian state if they expect this to increase their personal safety or improve their economic and social circumstances (Al-Haj, Katz, and Shye 1993).

The Palestinian Case

The economic conditions of most Palestinians are dire. In 1998, 20% of Palestinian households earned incomes below the poverty line, and 21% of Palestine's citizens were either unemployed or underemployed (Palestinian Central Bureau of Statistics [PCBS] 2000a, 2000b). Palestinians most likely have different views about the best strategy to improve their economic situation. For some, Israel is a potential source of income and economic development. By encouraging joint ventures and free trade with Israel, as well as labor mobility, the Palestinian economy can obtain desperately needed capital, technology, and employment opportunities (Mishal, Kuperman, and Boaz 2001, chap. 3). Movement toward peace and normalized political relations are necessary to secure these economic benefits, however. Accordingly, Palestinians who emphasize these economic concerns should be more likely to support efforts at compromise and reconciliation in the expectation that this will improve Palestine's economic situation.

Reinforcing this perspective may be the perception of economic benefits associated with the Oslo peace process. Although employment and income levels declined immediately following the 1993 Oslo accords, they subsequently increased (PCBS 2000b; Central Intelligence Agency [CIA] 2000). These improvements are often linked to the peace process, which reduced closures and other security measures that restrict the movement of Palestinian goods and labor (CIA 2000). Many individuals may thus link continuing improvement in the economic arena to further progress in the political realm. A survey conducted in July 2000 shows that a large majority of Palestinians in the West Bank and Gaza favor an open economic relationship with Israel, presumably in the hope that the Palestinian economy will benefit (Shamir and Shikaki forthcoming).

An alternative viewpoint considers the peace process a danger to Palestine's economic well-being. As reported in a survey conducted in 1999, it appears that many Palestinians, as well as Syrians, Jordanians, and Lebanese, believe that one of Israel's objectives in pursuing peace is to enhance its economic dominance (Khashan 2000, 34-35). According to another study, many Arabs fear that open economic relations with Israel would reinforce existing inequalities and exacerbate regional disparities in economic power (Mishal, Kuperman, and Boaz 2001, chap. 4). Strong economic ties would also render Palestinian businesses dependent on Israel's economic cycles and political calculations, a relationship that is not reciprocal. It is probable that the reluctance of some Palestinians to endorse a negotiated settlement with Israel stems from concern about these disadvantageous economic consequences.

Existing economic patterns undoubtedly reinforce these Palestinian fears. A recent United Nations (UN) report expressed concern about the increased concentration of Palestinian trade with Israel. Although Palestinian exports were already heavily targeted toward Israel in 1990, representing 85% of all exports, 95% of all Palestinian products were intended for the Israeli market by 1998 (United Nations Conference on Trade and Development [UNCTAD] 1999). This situation almost certainly leads at least some Palestinians to conclude that normalized relations with Israel would be a threat to their own economic and political independence.

The Israeli Case

Israel is a prosperous country. Most citizens enjoy an adequate standard of living, and economic conditions have been improving steadily in recent years. Furthermore, the country is democratic, so ordinary citizens have ample opportunity to express their views and organize in an effort to influence public policy and the selection of national leaders. Nevertheless, as in the Palestinian case, economic concerns may be important in shaping attitudes toward conflict resolution and peace.

On one hand, territorial compromise and mutual recognition may have greater appeal among Israelis who believe their country will benefit economically from peace. First, peace holds out the prospect of Israel's integration into the Middle East, thereby offering larger markets, cheaper labor sources, and increased trade (Tessler 1995). In addition, the cost of occupying the West Bank and Gaza has taken a toll on the Israeli economy. The military budget has generated a balance-of-payments deficit and con-

tributed to a rise in external debt (Mishal, Kuperman, and Boaz 2001, chap. 2). Military spending also diverts funds from important social programs. These anticipated economic benefits led many Israelis to discuss the possibility of a "peace dividend" following the 1993 Oslo agreement, and support for peace may thus be disproportionately strong among those who believe an end to the Israeli-Palestinian conflict will bring economic gains to the Jewish state.

On the other hand, there is a view that Israel has little to gain from expanding economic ties with its Palestinian neighbors. This view points out that the market potential of the Palestinian economy is limited, foreign labor within Israel is actually less expensive than Palestinian labor, and open economic ties may undercut labor-intensive industries within Israel (Mishal, Kuperman, and Boaz 2001, chap. 4). Moreover, even if Israelis do believe that normalized relations with a Palestinian state would be economically advantageous, they may also believe that these economic benefits are outweighed by security costs associated with a strong connection between the Israeli and Palestinian economies. Thus, in both absolute and relative terms, Israelis may conclude that the potential economic gains of peace are insignificant, in which case economic concerns will have little or no effect on attitudes toward the conflict.

THE POLITICAL STATUS QUO

The linkage between economic perceptions and attitudes toward the Israeli-Palestinian conflict can also be indirect, contingent on the level of confidence in political leaders. If citizens do not trust their leaders' intentions or capacity to implement effective economic or social policies, they may distrust their foreign policy initiatives as well. This trust depends, in part, on whether citizens believe the government can effectively handle the economic and social concerns that are central to their lives. For much of the Palestinian population and for at least some Israelis as well, socioeconomic problems may have had a damaging impact on the legitimacy of government leaders.

The Palestinian Case

There is a great deal of evidence about citizen discontent with the economic status quo in the Arab world. In Palestine, as in many other Arab societies, a familiar litany of grievances begins with the fact that many people live in impoverished conditions. Furthermore, for many individuals, especially the young, prospects for social mobility and a higher standard of living are declining rather than improving. Unemployment is the most important part of this picture. Although employment levels in the West Bank and Gaza have risen in recent years, overall unemployment and underemployment rates remain high. Since 1995, unemployment has ranged between 12% and 28%, and even many with work do not earn enough to lift their families out of poverty (PCBS 2000b, 2001). From 1992 to 1996, real per capita income rates declined by 36%, and although real income levels began to rise in 1998, the gross domestic product (GDP) per capita purchasing power parity was only \$1,060 in 1999 (CIA 2000; UNCTAD 1999).

At the same time, there is a large and growing gap between rich and poor, meaning that the burdens of underdevelopment are not shared equitably. Equally important, there is a widespread belief that elite membership is determined in most instances not by ability, dedication, or service to society but by personal and political connections. The result is a system where patronage and clientelism predominate in decisions about public policy and resource allocation. Recent polls report that a majority of Palestinians in the West Bank and Gaza believe that corruption exists in institutions of the Palestinian Authority, such corruption will increase in the future, and jobs are obtained largely through personal connections and nepotism (CPRS 2000a, 2000b).

Frustration is further intensified by the political context, which provides few mechanisms by which the populace can express discontent in a way that will have a meaningful impact. Freedom House considers the areas administered by both Israel and the Palestinian Authority (PA) to be lacking most basic political rights and civil liberties (Freedom House 2000). Other international agencies have also documented human rights abuses, suppression of political dissent, and extra-legal behavior by both Palestinian and Israeli officials (Amnesty International 2000a, 2000b). Thus, one of the surveys cited above found that 65% of those interviewed do not believe people can criticize the PA without fear (CPRS 2000b). Taken together, these circumstances erode the legitimacy of Palestinian leadership in the eyes of many ordinary citizens.

These questions about legitimacy may have an impact on attitudes toward negotiations and peace with Israel. To the extent that Palestinians believe peace is championed by leaders in whom they have confidence, as part of a sincere effort to bring changes that will benefit ordinary citizens as well as elites, it may be hypothesized that support for compromise and accommodation will be high. Alternatively, to the extent that peace initiatives are viewed as part of a policy designed by self-interested political leaders and intended to perpetuate a status quo that is disadvantageous for most ordinary citizens, such initiatives are unlikely to find support at the grassroots level.

The Israeli Case

Concerns of government legitimacy are much less intense in Israel. The country has long been an established democracy, with political leaders regularly voted out of office when their performance or policies lose popular support. But trust in government and regime support may nonetheless vary as a function of real or perceived economic conditions. This has been demonstrated by research carried out in affluent Western democracies, and it has been documented in Israel as well. Israeli and other analysts describe periods of uncertainty during which economic concerns contributed to shifts in public opinion and voting patterns (Eisenstadt 1967, 142; Tessler 1994, 370).

For Palestinians, it has been hypothesized that citizens who are discontent with their economic situation will have less confidence in their political leaders and, as a result, be less likely to support the peace negotiations in which their leaders are engaged. A somewhat similar analysis has been advanced to explain support for a hard-line foreign policy among segments of Israel's Jewish population, particularly those Jews who emigrated from other Middle Eastern countries during the 1950s and

1960s. These “Afro-Asian” Jews tended to be discontent with their economic and social position, and they tended to blame the leftist and centrist political parties in power during this period for not doing enough to meet the needs of new immigrants. Moreover, they were particularly outraged when some political leaders responded that the problems of Afro-Asian Jews were largely the result of their own backwardness (Grose 1985, 86). As David Gurion, Israel’s first prime minister, once remarked about Jews of Moroccan origin, “The culture of Morocco I would not like to have here. . . . Maybe in the third generation something will appear from the Oriental Jew that is different. But I don’t see it yet” (Rejwan 1967, 108).

Israeli Jews of Afro-Asian origin have tended to support right-wing political parties and a hard-line foreign policy. Various explanations have been advanced to explain these attitudes, and among these are analyses that emphasize the juxtaposition of economic grievances and distrust of political leaders. As expressed in one recent study,

The appeal of the right to Middle Eastern Jewish voters was not ideological or intellectual primarily, but more attitudinal and emotional. Support for the [right-wing] Likud was a way of breaking the hegemony of the Western-oriented elite . . . of even turning the tables on those who had been disdainful of them. (Dowty 2000, 118)

It follows from this assessment that Israeli Jews of Afro-Asian origin may reject a compromise-oriented foreign policy, at least in part because it is advocated by political leaders whom, for reasons having to do with their own situation, they dislike and distrust (Smootha 1978; Tessler 1994, 503-4).

This analysis may or may not apply in the post-Oslo period. There have been important changes in Israel with respect to politics, economics, and demography, to say nothing of the evolution of Israeli-Palestinian conflict itself. Nevertheless, there continue to be Israelis with important economic concerns. Between 1995 and 1999, for example, the country’s growth rate declined from roughly 7% to 2%, and unemployment rose to almost 9% (State of Israel 1999; International Labour Office [ILO] 2000). To the extent that economic discontent leads to political distrust, this juxtaposition may foster an attitude toward Israeli-Palestinian peace that is at variance with that of the government. And in the context of negotiations associated with the Oslo agreement, especially during the period from 1993 to 1996 when Labor was in power, this may mean that those who are unhappy with the economic situation will be more likely than other Israelis to oppose making concessions to achieve peace. A recent analysis along these lines suggests that it may indeed apply in the post-Oslo period. Moreover, this possibility is discussed with respect to Afro-Asian Jews in particular:

The transition to a peace economy and economic growth will benefit in particular the elite and the upper middle class of professionals, managers, business leaders, and industrialist who are well equipped to seize the new opportunities. . . . On the other hand, these economic transformations will inflict a serious blow on the working class and the poor . . . [and this] will most likely hit Mizrahim [Jews of Middle Eastern origin] particularly hard [since they are] members of the lower strata. (Smootha 1998, 39-41)

HYPOTHESES

The two approaches discussed above help to explain possible linkages between economic variables and the way citizens view conflict resolution in the Palestinian-Israeli context. The first perspective presents a cost-benefit rationale, linking attitudes toward the conflict to economic consequences anticipated from its resolution. As discussed, men and women may anticipate that an end to the Israeli-Palestinian conflict will lead to economic circumstances that are more favorable, less favorable, or no different than the present situation. Thus, following the logic of this cost-benefit assessment, the following hypothesis may be offered for testing with Palestinian and Israeli public opinion data.

Hypothesis 1: Citizens who believe that a resolution of the Israeli-Palestinian conflict will improve national or personal economic well-being are more likely than others to support negotiations and peace based on territorial compromise and mutual recognition.

Or conversely, citizens who believe that a resolution to the conflict will have unfavorable national or personal economic consequences are less likely to support negotiations and peace based on territorial compromise and mutual recognition.

Perceptions of present-day national and personal economic circumstances may also influence attitudes about resolution of the conflict. One possibility is that support for compromise and peace will be more common among those who are satisfied with present-day economic conditions. The reason for this, presumably, is that these citizens are more likely to believe their satisfactory situation will enable them to benefit from any economic opportunities that peace provides and be shielded from any associated costs. Alternatively, it is also possible that support for an accommodation will be more common among those who are dissatisfied with the current economic situation. In this case, presumably, perceived economic need leads individuals to support peace in the hope their situation will improve and perhaps also to believe that they would have little to lose even if peace does not bring the hoped-for economic benefits. Because these possibilities include both a positive and an inverse relationship between economic satisfaction and support for Israeli-Palestinian peace, they may be expressed in the following alternative propositions.

Hypothesis 2a: Citizens who are more *satisfied* with national or personal economic circumstances are more likely than others to support negotiations and peace based on territorial compromise and mutual recognition.

Hypothesis 2b: Citizens who are more *dissatisfied* with national or personal economic circumstances are more likely than others to support negotiations and peace based on territorial compromise and mutual recognition.

The second approach argues that attitudes toward conflict resolution are heavily influenced by confidence in political leaders. Such confidence extends to the government's role in conducting foreign policy and peace negotiations. It is grounded,

however, in judgments about the effectiveness and motivation of political leaders more generally, including their ability and willingness to address socioeconomic needs. Accordingly, citizens will probably believe that the potential economic benefits of peace are more likely to be realized and used productively or that the potential costs of peace are more likely to be minimized and shared equitably, if they have confidence in their leaders. Without such confidence, citizens are less likely to support negotiations and peace because, in their judgment, this will not significantly improve and may even worsen economic conditions.

At the time some of the data used in the present study were collected, Israel and the Palestinians were conducting peace talks within the framework of the 1993 Oslo Agreement, or Declaration of Principles. Moreover, both Palestinian and Israeli leaders were at the time committed to the Oslo principles of territorial compromise and mutual recognition. Thus, confidence in political leaders at the time these surveys were conducted most likely involves support for negotiations and peace. This is expressed in the following hypothesis:

Hypothesis 3: Citizens who have higher levels of confidence in their political leaders are more likely than others to support negotiations and peace based on territorial compromise and mutual recognition.

It follows from hypothesis 3 that confidence is important as an intervening and independent variable. If citizens do not trust their leaders' intentions or capacity to implement effective economic and social policy, they probably distrust the foreign policy initiatives of these leaders as well. Moreover, as demonstrated by past research, this trust depends at least partly on whether citizens believe the government can effectively handle the economic and social concerns that are central to their own lives. This means that the degree to which economic evaluations account for variance in attitudes toward negotiations and peace may in part be dependent on confidence in political leaders. Put differently, in the context of the present study, the relationships proposed in hypotheses 1, 2a, and 2b may be weaker when a measure of confidence in political leaders is included in the analysis. This may be stated in the form of the following hypothesis:

Hypothesis 4: Economic judgments influence citizen attitudes toward negotiations and peace indirectly by contributing to the level of confidence citizens have in government leaders.

An emphasis on economic factors and on considerations of political economy more broadly is not intended to suggest that issues of religion and culture are unrelated to attitudes toward the Israeli-Palestinian conflict. On the contrary, religion is an important part of the political discourse in both the Arab world and Israel. As noted, several of our prior publications have examined whether and how religious orientations influence attitudes toward conflict (Tessler and Nachtwey 1998). Moreover, these analyses distinguish between religious piety and observance, on one hand, and support for political movements with a religious orientation, on the other. Given their importance,

these two sets of religious orientations are included in the present study as control variables to determine whether economic factors account for attitudinal variance independent of religious influences.

DATA AND MEASUREMENT

These hypotheses will be tested using public opinion data collected in Palestine and Israel in 1996, 1999, and 2001. The earliest survey was directed by scholars at Haifa University and Tel Aviv University in Israel and carried out in May 1996, just prior to the elections of that year. The randomly selected sample includes 1,168 Israeli adults. The second survey was carried out in the West Bank and Gaza Strip in May 1999 by the Jerusalem Media and Communications Centre (JMCC) and is based on a random sample of 1,200 Palestinian adults. The most recent survey is a cross-national project conducted in both Israel and the Palestinian territories during July 2001. The survey was jointly designed and implemented by Khalil Shikaki of the Center for Policy and Survey Research in Ramallah and by Yacov Shamir of Hebrew University in Jerusalem. The samples include 1,318 Palestinian and 519 Jewish Israeli adults.

Because the data sets were collected by different institutions for different purposes, the measures used to operationalize the dependent and independent variables are not identical and thus not always as equivalent as desired. Nevertheless, despite this limitation, it is possible to examine the explanatory power of economic orientations while controlling for religious and demographic variables, thus testing the hypotheses presented above.

The dependent variable in the present analysis is attitudes toward resolving the Palestinian-Israeli conflict. Respondents are rated according to the degree of their support for, or opposition to, a peaceful resolution based on territorial compromise and mutual recognition. The dependent variable in all cases is an additive index composed of three or more questions relating to support for peace negotiations and desire for peaceful coexistence. The exact questions are listed in Table 1 with reliability coefficients for each scale.

Economic orientations are the principle independent variables of the present analysis. Table 2 lists the survey items used to measure different dimensions of economic behavior, the corresponding hypotheses they will test, and the data sets for which they are available. Data limitations do not permit simultaneous testing of all the hypotheses involving economic variables in either the Palestinian or Israeli case. Taken together, however, the models and data presented below permit a broad examination of several important connections between economic assessments and foreign policy attitudes.

To test hypothesis 1, it is necessary to ascertain views about the economic consequences of peace. Two measures are available in the 2001 Palestinian and Israeli surveys that examine both national and personal economic expectations. The first ascertains whether respondents expect the national economy to improve or worsen in the event of a peace settlement. The second asks whether respondents anticipate that their personal financial situation will improve or worsen if the conflict is peacefully

TABLE 1
Survey Items Used to Measure Attitudes toward Peace

Palestinian and Israeli Survey 2001

1. Now that both the Israeli and Palestinian sides have accepted the Mitchell report and the cease-fire, do you support or oppose the immediate return to Palestinian-Israeli negotiations?
(1 = *strongly oppose* to 4 = *strongly support*)
 2. After reaching a peace agreement between the Palestinian people and Israel and the establishment of a Palestinian state that is recognized by Israel, do you support or oppose the process of reconciliation between the state of Palestine and the state of Israel? “
(1 = *strongly oppose* to 4 = *strongly support*)
 3. After reaching a peace agreement between the Palestinian people and Israel, do you support or oppose opening borders to the free movement of people and goods?
(1 = *strongly oppose* to 4 = *strongly support*)
- Reliability coefficient: alpha = .58 (Palestinian survey)
Reliability coefficient: alpha = .67 (Israeli survey)

Palestinian Survey 1999

1. Do you support or oppose the current peace process?
(1 = *strongly oppose* to 4 = *strongly support*)
 2. Is it necessary to support the peaceful coexistence of Palestinians and Israelis?
(1 = *strongly oppose* to 4 = *strongly support*)
 3. Is it necessary for Palestinians and Israelis to know each other better?
(1 = *strongly oppose* to 4 = *strongly support*)
- Reliability coefficient: alpha = .66

Israeli Survey 1996

1. Should Israel return territories for peace?
(1 = approve, 0 = disapprove)
 2. What is your attitude toward the Oslo Agreements?
(1 = support, 0 = oppose)
 3. Should negotiations with the PLO be stopped?
(1 = no, only successful negotiations will end terrorism; 0 = yes, as long as terrorism continues)
 4. Opinion of evacuation of Jewish settlements in territories:
1 = willing to evacuate all territories/willing to evacuate if they raise security problems,
0 = not willing to evacuate under any conditions
 5. Is it true that “Most Palestinians really want peace”?
(1 = true, 0 = false)
 6. Will a peace contract end the conflict?
(1 = yes, 0 = no)
 7. Do you think Israel should agree to the establishment of a Palestinian state?
(1 = yes, 0 = no)
- Reliability coefficient: alpha = .84
-

resolved. Both questions probe respondent views about the potential economic costs and benefits of a peace agreement.

Perceptions of present-day economic circumstances may also influence attitudes about resolution of the conflict (hypotheses 2a and 2b). Items with which to measure respondent evaluations of national and personal economic circumstances are available for the 1996 Israeli and 1999 Palestinian data sets. The Palestinian items ask respon-

TABLE 2
 Survey Items Used to Measure Economic Orientations
 and Other Independent Variables

Economic Variables	
Palestinian Survey 2001	
Hypothesis 1	If a peace agreement is reached, what will its economic impact be for the Palestinian people in general? (1 = <i>very harmful</i> to 5 = <i>very beneficial</i>) If a peace agreement is reached, what will its economic impact be for you and your family? (1 = <i>very harmful</i> to 5 = <i>very beneficial</i>)
Israeli Survey 2001	
Hypothesis 1	If a peace agreement is reached, what will its impact be for Israel's economic situation? (1 = <i>very harmful</i> to 5 = <i>very beneficial</i>) If a peace agreement is reached, what will its impact be for your personal economic situation? (1 = <i>very harmful</i> to 5 = <i>very beneficial</i>)
Palestinian Survey 1999	
Hypotheses 2a, 2b, 4	Rate the economic situation in the West Bank and Gaza: 1 = <i>very bad</i> , 2 = <i>somewhat bad</i> , 3 = <i>somewhat good</i> , 4 = <i>very good</i> Rate your own family's standard of living: 1 = <i>very bad</i> , 2 = <i>somewhat bad</i> , 3 = <i>somewhat good</i> , 4 = <i>very good</i>
Israeli Survey 1996	
Hypotheses 2a, 2b, 4	Rate your current personal situation: 1 = <i>worst</i> to 9 = <i>best</i> Main problem that the government has to handle is the following: 1 = economy or socioeconomic issue (i.e., housing, unemployment, poverty, education, etc.), 0 = all other issues (e.g., peace, security, terrorism)
Government Confidence	
Palestinian Survey 2001	
Hypotheses 3, 4	Additive index (0 low to 3 high): If you want to evaluation the status of democracy and human rights under the Palestinian Authority (PA), would you say it is 1 = <i>good/fair</i> , 0 = <i>bad</i> Do you think that here is corruption in the PA? (1 = no, 0 = yes) If separate elections for the president were held today, for whom would you choose? (1 = Arafat, 0 = other)
Israeli Survey 2001	
Palestinian Survey 1999	
Hypotheses 3, 4	Additive index (2 low to 8 high): Rate the overall performance of the PA: 1 = <i>very bad</i> , 2 = <i>bad</i> , 3 = <i>good</i> , 4 = <i>very good</i> Rate the level of corruption within PA institutions: 1 = <i>there is much corruption</i> to 4 = <i>there is no corruption</i>
Israeli Survey 1996	
Hypotheses 3, 4	Rate the way the government handles national problems: 1 = <i>very badly</i> , 2 = <i>badly</i> , 3 = <i>good</i> , 4 = <i>very good</i>

(continued)

TABLE 2 Continued

Religious Orientations	
Palestinian Survey 2001	
Political Islam	Additive index (0 low to 2 high): Which of the following forms of government do you want to have for the Palestinian state after it is established? (1 = Islamic state, 0 = nationalist, democratic, or other)
Personal piety	Support for Islamic political parties: 1 = yes, 0 = no Additive index (3 low to 12 high): How important is re-ligion in your life? (1 = <i>very unimportant</i> to 4 = <i>very important</i>) How often do you read the Quran? (1 = <i>never</i> to 4 = <i>every day</i>) Generally to what ex-tent to you observe religious rules and traditions? (1 = <i>none</i> to 4 = <i>all</i>)
Israeli Survey 2001	
Political religious affiliation	Vote for party if election were held today: 1 = religious party (Shas, Mafdal, Yhadut Hathora, or Hayhud Haleumi), 0 = other
Personal piety	Additive index (2 low to 8 high): How religious would you describe yourself? (1 = <i>not religious</i> to 4 = <i>very religious</i>) What is your religious identity? (1 = <i>secular</i> , 2 = <i>traditional</i> , 3 = <i>orthodox</i> , 4 = <i>ultra-orthodox</i>)
Palestinian Survey 1999	
Political Islam	Additive index (4 low to 16 high): Religion should be separate from government policy. (1 = <i>strongly oppose</i> to 4 = <i>strongly support</i>) Sahri-based Islamic state is best for of government. (1 = <i>strongly oppose</i> to 4 = <i>strongly support</i>) Religious leaders should play larger role in politics. (1 = <i>strongly oppose</i> to 4 = <i>strongly support</i>) Islamic values should play larger role in government policy. (1 = <i>strongly oppose</i> to 4 = <i>strongly support</i>)
Personal piety	Additive index (3 low to 12 high): How important is religion in your life? (1 = <i>very important</i> to 4 = <i>not very important</i>) How often do you pray? (1 = <i>never</i> to 4 = <i>five times daily</i>) How often do you read the Quran? (1 = <i>never</i> to 4 = <i>every day</i>)
Israeli Survey 1996	
Political religious affiliation	Vote for party if elections were held today: 1 = Mafdal, Agudat Israel & Degel HaTora, Shas, and other religious parties; 0 = nonreligious parties
Personal piety	Obedience to Jewish religious tradition: 1 = <i>do not keep Jewish tradition at all</i> , 2 = <i>a little</i> , 3 = <i>much</i> , 4 = <i>thoroughly</i>
Other Controls	
Palestinian Survey 2001	
Sex	1 = male, 2 = female
Age	Exact age
Income	1 = <i>low</i> to 4 = <i>high</i>
Education	1 = <i>illiterate</i> to 7 = <i>MA and above</i>

TABLE 2 Continued

Israeli Survey 2001	
Sex	1 = male, 2 = female
Age	Exact age
Income proxy	Average monthly expenditures: 1 = <i>much below average</i> to 5 = <i>much above average</i>
Education	Total years of schooling
Security	What is the most important issue facing Israel today? 1 = security, 0 = other issues: economic prosperity, democracy, peace, Jewish state
Palestinian Survey 1999	
Sex	1 = male, 2 = female
Age	Exact age
Income	1 = <i>a lot less than average</i> to 5 = <i>a lot more than average</i>
Education	1 = <i>primary</i> to 5 = <i>college and above</i>
Israeli Survey 1996	
Sex	1 = male, 2 = female
Age	Exact age
Family expenditures	1 = <i>much below average</i> to 5 = <i>much above average</i>
Education	Total years of schooling
Personal security	What effect has the peace process had on your personal security? (1 = <i>now it is much better</i> , 2 = <i>now it is better</i> , 3 = <i>now it is worse</i> , 4 = <i>now it is much worse</i>)

dents to rate the economic situation in the West Bank and Gaza Strip and also to rate their own standard of living. Two comparable proxies are used in the Israeli case. The first asks respondents whether they believe that economic issues are the most critical problems facing their country. Respondents who consider socioeconomic problems (such as the economy, unemployment, poverty, housing, etc.) to be the country's primary concern are more likely than others to be less satisfied with the national economic situation. The second item asks respondents to rate their personal situation. Although the latter item captures more than economic satisfaction, financial status is most likely a central element in this evaluation.

Other important independent variables include confidence in government, religious attitudes and behavior, demographic attributes, and, in the Israeli case, feelings of personal security. Government confidence is measured by items that ask respondents to rate government performance. In the 2001 Palestinian survey, an index is created by combining respondent evaluations of Yasir [YASSER?] Arafat, corruption in the Palestinian Authority, and the degree to which the PA is democratic. In the 1999 Palestinian data set, this is operationalized by two items that ask about the government's overall performance and the extent of government corruption. Although no measure is available for the 2001 Israeli survey, government confidence is measured in the 1996 Israeli survey by an item that asks respondents to rate the government's ability to handle national problems. To the extent possible, the analyses also include two measures pertaining to religious attachments, one reflecting personal piety and another assessing support for religious political movements or for increased religious influence in political affairs. Demographic variables include sex, age, income, and

education. The complete survey items used to operationalize the demographic as well as political and religious variables are listed in Table 2.

In the Israeli analyses, an additional variable is included to control for the influence of security concerns. Because security has been a central issue in Israeli thinking about the conflict, the 1996 analysis includes a measure of the degree to which respondents believe their personal security has either improved or worsened as a result of the peace process. The 2001 analysis also includes a measure to control for respondent concerns about security. Based on a survey item that asks respondents to rank five issues according to their national importance, the measure dichotomizes responses according to whether they identify security as the most critical issue facing Israel today. Inclusion of these measures is necessary to provide a reliable test of the impact of economic evaluations on Israeli attitudes toward peace and reconciliation.

FINDINGS

The first hypothesis tests whether attitudes toward peace and reconciliation are influenced by cost-benefit considerations. In other words, do citizens form their opinions toward peace, in part, by considering the economic consequences of reconciliation? The findings indicate that they do. Model 1 in Table 3 and the model shown in Table 4 present the results of the regression analyses completed for the 2001 Palestinian and Israeli surveys. Palestinians and Israelis who believe that the peace process will be beneficial to the national economy are more likely than others to support negotiations and peace based on territorial compromise and mutual recognition. Conversely, respondents who expect national economic conditions to deteriorate with the conclusion of an agreement are less likely to support negotiations and peace. Moreover, in the Palestinian case, respondents who expect their own standard of living to improve from peace are more likely to support a peaceful resolution to the conflict. Personal financial considerations are not, however, significant in the Israeli case.

The second hypothesis considers the influence of perceptions of present-day national and personal economic circumstances. In contrast to hypothesis 1, the relationship between these economic evaluations and attitudes toward a compromise-oriented peace settlement can be anticipated in different directions (hypotheses 2a and 2b). The findings, presented in Tables 5 and 6 under model 1, show that among both Palestinians and Israelis, individuals with a positive evaluation of the economy or of their personal situation are more likely to support compromise and reconciliation than are individuals with a negative evaluation. Put differently, citizens who are dissatisfied with economic circumstances are less likely than others to support negotiation and compromise. It is possible to surmise from these findings that many respondents believe peace will perpetuate existing economic conditions, either by improving a generally satisfactory economic situation or by worsening an already unsatisfactory economic situation.

Some variation in the explanatory power of national and personal economic assessments should also be noted. National economic orientations are significantly related to attitudes toward peace in all but the 1996 Israeli analysis shown in Table 6, whereas

TABLE 3
 Regression Analyses of the Influence of Economic Orientations on
 Attitudes toward Peace in the West Bank and Gaza Strip, July 2001

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>
Economic orientations			
Evaluation of national economic situation after peace	.20*** (2.58)		.18** (2.28)
Evaluation of personal standard of living after peace	.33*** (4.20)		.32*** (3.88)
Government confidence		.37*** (6.09)	.33*** (5.61)
Control variables			
Political Islam	-.48*** (-7.38)	-.44*** (-6.13)	-.41*** (-5.84)
Personal religiosity	.05* (1.65)	.04 (1.04)	.04 (1.12)
Education	-.18*** (-5.16)	-.15*** (-3.85)	-.16*** (-4.01)
Income	-.02 (-.34)	.01 (.19)	.02 (.29)
Sex	.21** (2.28)	.23** (2.17)	.20** (1.99)
Age	.00 (1.01)	.01* (1.85)	.01 (1.31)
<i>R</i> ²	.15	.10	.18
Number	1,196	1,076	1,059

NOTE: *t* scores are in parentheses.
 p* < .10. *p* < .05. ****p* < .01.

relationships involving personal economic orientations are significant in only half of the models—those based on the 2001 Palestinian and 1996 Israeli surveys. Although further research is necessary, it is possible to suggest some reasons for these findings. In the 1996 Israeli case, it is possible that a better measure of satisfaction with the national economic situation would produce different results. The finding that personal economic assessments are more important than national economic assessments is at variance with studies in Western countries, which report that national economic orientations have greater explanatory power. This is often described as a “sociotropic” pattern. The reason for this, presumably, is that national economic health is more likely than personal economic well-being to be considered a responsibility of the government. Thus, had the 1996 Israeli survey contained a more direct measure of satisfaction with the national economy, a different pattern might have emerged.

The Palestinian case, by contrast, suggests that a more thorough look at the relationship between personal and national economic orientations may be warranted in future research. The 2001 Palestinian analysis shows that both personal and national economic considerations are positively related to attitudes toward peace. The reason may

TABLE 4
Regression Analysis of the Influence of Economic
Orientations on Attitudes toward Peace in Israel, July 2001

Economic orientations		
Evaluation of national economic situation after peace	.70***	(6.20)
Evaluation of personal standard of living after peace	.18	(1.58)
Control variables		
Personal security	-.37**	(-2.01)
Political religious affiliation	-.82***	(-2.67)
Personal religiosity	-.28***	(-3.85)
Education	.05*	(1.68)
Income	-.00	(-.02)
Sex	.01	(.04)
Age	.02***	(2.85)
R^2	.31	
Number	411	

NOTE: *t* scores are in parentheses.

* $p < .10$. ** $p < .05$. *** $p < .01$.

TABLE 5
Regression Analyses of the Influence of Economic Orientations on
Attitudes toward Peace in the West Bank and Gaza Strip, May 1999

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>
Economic orientations			
Evaluation of national economic situation	.64***		.20*
	(6.39)		(1.92)
Evaluation of personal standard of living	.02		-.05
	(.23)		(-.51)
Government confidence		.68***	.64***
		(13.27)	(11.61)
Control variables			
Political Islam	-.17***	-.11***	-.11***
	(-5.42)	(-3.57)	(-3.59)
Personal religiosity	-.04	-.07*	-.07*
	(-.91)	(-1.71)	(-1.85)
Education	-.24***	-.10	-.10
	(-3.30)	(-1.46)	(-1.38)
Income	-.02	-.13**	-.12*
	(-.30)	(-1.95)	(-1.67)
Sex	-.14	.07	.05
	(-.90)	(.49)	(.36)
Age	.01	.01	.01
	(1.16)	(.92)	(1.14)
R^2	.12	.24	.24
Number	915	853	852

NOTE: Numbers in parentheses are *t* statistics.

* $p < .10$. ** $p < .05$. *** $p < .01$.

TABLE 6
Regression Analyses of the Influence of Economic
Orientations on Attitudes toward Peace in Israel, June 1996

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>
Economic orientations			
Socioeconomic issues are central problems facing government	.41** (2.05)		.20 (1.26)
Evaluation of personal situation	.32*** (7.69)		.09** (2.53)
Government confidence		1.69*** (22.62)	1.15*** (14.34)
Control variables			
Personal security			-1.05*** (-12.14)
Political religious affiliation	-.69** (-2.17)	-.26 (-.99)	-.28 (-1.13)
Personal religiosity	-.92*** (-10.19)	-.54*** (-6.96)	-.41*** (-5.62)
Education	.09*** (3.93)	.07*** (3.35)	.06*** (3.46)
Family expenditures (income proxy)	-.02 (-.27)	.03 (.65)	.06 (1.30)
Sex	.33** (2.40)	.12 (1.06)	.15 (1.42)
Age	.02*** (4.73)	.01 (1.87)	.00 (1.44)
Number	1,003	997	974
R^2	.23	.46	.54

NOTE: *t* scores are in parentheses.

** $p < .05$. *** $p < .01$.

be that widespread poverty and severe and worsening economic problems affecting the entire country foster an overlap between personal and national economic assessments to a degree that does not exist in Israel or developed Western countries. In such a situation, which prevailed in the Palestinian territories in 2001, both national and personal economic considerations may influence the way that individuals evaluate the potential outcomes of government policy. The possibility that the impact of economic orientations is conditional on aggregate economic circumstances deserves further study and would be an important finding if confirmed by future research.

The third and fourth hypotheses are addressed by including a measure of government confidence in the multivariate analyses. Model 2 in Tables 3, 5, and 6 shows the impact of government confidence on attitudes toward peace without economic variables included in the analysis. As anticipated in hypothesis 3, citizens with greater confidence in their political leaders are more likely in all three cases to support negotiations and compromise. Furthermore, as shown in model 3 in each table, this relation-

ship remains robust when economic orientations are included in the analysis. It is notable that confidence in the government has explanatory power among both Israelis and Palestinians, despite the very different character of the regimes by which the two peoples are governed. It is also notable that the relationship holds among Palestinians in both 1999 and 2001. In the former year, the peace process was advancing, albeit slowly, and the economic situation was gradually improving. In the latter year, by contrast, there were violent confrontations between Israelis and Palestinians, and economic conditions had greatly deteriorated. Thus, taken together, Tables 3, 5, and 6 strongly suggest that hypothesis 3 obtains across widely differing contexts and conditions.

An additional observation is that in Tables 5 and 6, but not in Table 3, government confidence accounts for a disproportionate share of the model's explanatory power. In the 1999 Palestinian analysis shown in Table 5, the *R*-square in model 2 is twice the *R*-square in model 1, going from .12 to .24. Similarly, the *R*-square in the Israeli case shown in Table 6 increased from .23 in model 1 to .46 in model 2. For the 2001 Palestinian case shown in Table 3, by contrast, the *R*-square in model 2 is actually lower than the *R*-square in model 1, raising the possibility that the explanatory power of government confidence varies in magnitude as a function of political circumstances. It may be that the influence of government confidence on attitudes toward peace, although remaining significant, is reduced when the prospects for conflict resolution are less favorable. A more specific hypothesis is that the influence of government confidence depends on the perceived intent of the other party to the conflict. With Israel carrying out military operations in the West Bank and Gaza in summer 2001, this interpretation fits the data and is deserving of further investigation.

The final hypothesis asks whether economic judgments influence citizen attitudes toward negotiations and peace indirectly by contributing to the level of confidence citizens have in government leaders. This is in contrast to the cost-benefit hypothesis, which represents a direct relationship between economic attitudes and those toward conflict resolution. The indirect rationale anticipates that citizens who are discontent with economic conditions will have less confidence in their political leaders and thus be less likely to support the peace negotiations in which they are engaged. To test this possibility, model 3 in Tables 5 and 6 includes measures both of economic orientations and of government confidence. A comparison of model 1 and model 3 shows that the strength of the relationship between economic evaluations and attitudes toward peace is reduced substantially when confidence is added to the model. The coefficients and *t* scores of the economic variables are much lower in model 3 than model 1 for both the Palestinian and Israeli analyses, although the effect appears to be greater in the Palestinian case. Moreover, the *R*-squares for models 2 and 3 differ very little, indicating that the explanatory power of economic orientations and government confidence overlaps. These findings suggest that individual dissatisfaction with economic circumstances influences attitudes toward peace largely by fostering or reinforcing distrust in political leaders.

This relationship holds in the Israeli case even after controlling for the effects of personal security. Model 3 in Table 6 shows that the effect of security is relatively

strong. Respondents who feel the peace process has reduced their sense of personal safety are more likely to support a hard-line approach to the Israeli-Palestinian conflict than are respondents who feel the peace process has made them more secure. Despite the strength of this relationship, however, both personal evaluations and government confidence remain significant. The fact that evaluations of a respondent's personal situation retain significance after controlling for personal security increases the likelihood that the measure includes an economic dimension and is not limited to perceptions of physical safety and fear of terrorism. This final model thus provides a more rigorous test of hypothesis 4 in the Israeli case, making it possible to suggest with more confidence that personal economic evaluations influence attitudes toward peace largely by affecting the level of trust in political leaders.

Several additional tests (not shown) were performed to probe the influence of government confidence on attitudes toward peace among subsets of the Israeli population. As discussed earlier, some observers have argued that Israeli Jews of Afro-Asian origin may be less supportive of a compromise-oriented foreign policy because it is advocated by political leaders whom they distrust. Some also argue that the economic consequences of peace could be disproportionately disadvantageous for this group because of their lower socioeconomic status (Smootha 1998). The same models presented in Table 6 were therefore completed including only Jews of Afro-Asian origin to determine whether a stronger or otherwise different pattern of variable relationships would emerge. This was not the case, however. The results for this group of respondents were almost identical to those for the entire sample. Similar analyses were performed using only respondents with low incomes and only those who reported having experienced discrimination in the past. Again, however, relationships differ very little from those shown in Table 6. Accordingly, the interaction among economic evaluations, government confidence, and attitudes toward peace does not appear to vary from one Israeli population category to another.

Measures of both government confidence and economic orientations are also included in the Palestinian 2001 analysis to test whether the direct and indirect relationships posited above are empirically distinct. Model 1 in Table 3 shows that Palestinian respondents who expect negative economic consequences from a peace agreement are less likely to support peace negotiations and reconciliation. This relationship provides support for the view that the influence of economic orientations works in terms of cost-benefit calculations and that citizens consider how a peace settlement will affect their economic well-being and then give or withhold their policy support based on these expectations.

This relationship should hold largely independent of citizens' evaluations of current government leaders. In summer 2001, few Palestinians saw the conclusion of a peace agreement, to say nothing of its implementation, as a near-term prospect. Therefore, the achievement of peace, if viewed as a possibility at all, was most likely judged to be sufficiently far in the future for leadership changes to have occurred, which suggests that confidence in present leaders should not affect cost-benefit assessments regarding the economic implications of peace. In addition, Palestinians are probably aware that the economic consequences of peace will depend on much more than

domestic political leadership. Relevant considerations include the type and level of international aid, arrangements with Israel in such areas as borders and water resources, and the ability to attract investment capital from both domestic and foreign sources. For this reason, too, anticipated economic outcomes should influence attitudes toward peace independent of confidence in present-day leaders.

Table 3 provides some support for this logic. A comparison of model 3 with model 1 shows that the coefficients and *t* scores change little when government confidence is added to the analysis. Moreover, the increase in *R*-square from the second model to the third model indicates that the explanatory power of economic orientations and government confidence is largely separate. Thus, although more research is needed to explore the pathways linking economic orientations and attitudes toward peace, the findings presented in Tables 3 to 6 provide some evidence for the existence of both direct and indirect relationships.

CONCLUSION

Several general conclusions can be offered based on the findings presented in Tables 3 to 6. First, the analyses provide support for both of the theoretical perspectives presented earlier. One of these focuses on the direct link between economic orientations and attitudes toward foreign policy. It is based on the assumption that citizens make cost-benefit calculations when formulating political opinions. Applying this reasoning to the present study, it was anticipated that individuals would be more likely to support a negotiated resolution of the Israeli-Palestinian conflict to the extent they expect the positive consequences of a settlement to outweigh any negative consequences. This rationale has been tested most directly and is supported most strongly by the analysis of the 2001 Palestinian and Israeli data. Respondents who believe that a peace settlement will worsen the condition of the national economy or their personal economic status (the personal pertaining only to the Palestinian case) are less likely than others to support peace negotiations and compromise.

Some evidence supporting this perspective also comes from analyses of the 1999 Palestinian and 1996 Israeli data. In both cases, perceptions of present-day national and personal evaluations exhibit a direct influence on attitudes toward the conflict. Specifically, citizens who are more dissatisfied with national or personal economic circumstances are less likely than others to support peace negotiations and reconciliation. This, too, implies that individuals who are dissatisfied with the economic situation tend to believe a compromise-oriented settlement will either perpetuate or worsen an already poor economic situation. This interpretation is advanced with some caution, given limitations of the available measures. It is nonetheless suggested by both the Israeli and Palestinian data, and it is therefore, at the very least, a plausible and potentially important finding that deserves further investigation.

Economic assessments also influence attitudes toward the conflict in an indirect way. This is the basis of the second perspective presented earlier, which argues that the link between economic evaluations and foreign policy attitudes is shaped by the level

of confidence citizens have in their political leaders. The 1999 Palestinian and 1996 Israeli analyses provide support for this assertion. The multivariate findings show that government confidence is strongly related to support for peace negotiations and compromise. Also, and of even greater relevance, the analyses show that economic evaluations influence attitudes toward peace and reconciliation largely by helping to determine levels of trust in the government and its officials.

The importance of temporal considerations deserves to be mentioned when assessing these findings. The ups and downs of the peace process, to say nothing of the violence that began in mid-2000, the so-called al-Aqsa *Intifada*, raises the possibility that observations made at one point in time might not apply at another. One response is that replication is always helpful and usually necessary to increase confidence in research findings. In this regard, the limitations of the present study are similar to those of many empirical investigations. As in cross-sectional as well as longitudinal comparisons, replications that yield similar findings make it more likely that these findings are accurate and generalizable. Different findings may be an indication of error but, equally important, may reflect the influence of macro-level conditionalities that must be incorporated into any explanations that are advanced.

The present study does more than acknowledge the importance of replication, however. It also attempts to address temporal considerations by using data from several points in time following the 1993 Israel-PLO accord, including some before and some since the beginning of the al-Aqsa *Intifada*. Thus, although not all hypotheses are tested with data from different time periods, there is basis for advancing some tentative conclusions about generalizability and conditionalities. On the other hand, the explanatory power of economic orientations and government confidence has been shown to be significant both during periods of relative calm and during periods characterized by violent confrontations. As noted, this increases confidence in the generalizability of these relationships. On the other hand, the magnitude of some relationships appears to vary as a function of temporal conditions, and this finding has led to additional hypotheses that may be tested in future research.

In sum, economic considerations play an important role in shaping citizen views about the Palestinian-Israeli conflict. It is true, of course, that much of the variance in attitudes toward peace remains unexplained. Economic variables, even in combination with political, religious, and demographic variables, do not account for more than one third of the variance in most of the models presented. Additional research is therefore necessary if the nature and determinants of attitudes toward conflict in the Middle East are to be fully understood. Nevertheless, the present study demonstrates that economic concerns and perceptions do play an important role in shaping views about the Israeli-Palestinian conflict. Economic orientations have a direct impact on attitudes toward negotiations and compromise, through what is most likely a series of cost-benefit calculations regarding the expected consequences of peace. The indirect influence of economic attitudes is also important. Individual judgments about economic conditions help to determine levels of confidence in political leaders, which in turn influence the way that citizens view the foreign policy positions advocated by these leaders.

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PLS. PROVIDE 3-5 KEYWORDS