Economic Integration among Children of Israeli Immigrants in the United States[1]

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ABSTRACT

The paper analyses the economic assimilation of first, 1.5, and second generation Israeli Jewish immigrants in the United States. The empirical analyses are based on the 1990 public use sample (PUMS) that enables the identification of adult children of Jewish Israeli immigrants. The analyses show that all groups of Jewish Israeli immigrants in the United States are doing very well relative to a benchmark of native-born Americans. The comparisons also indicate that children of immigrants – both men and women – are even more successful economically than the immigrants themselves. The economic success of Israeli immigrants and their offspring in the United States is due not only to their high level of education, but also to unmeasured traits that help them earn more than demographically comparable natives.

INTRODUCTION

An evaluation of the success of an immigrant group in the United States requires analyses of the immigrants' socio-economic attainment in America as well as that of their children born in the new country. The immigration literature of the last decade underscores this by focusing on children of immigrants who were born in the United States or arrived with their parents at a relatively young age. The general conclusions of this literature with respect to immigrants' socio-economic assimilation are not encouraging. Not only do some large immigrant groups fail to integrate into the mainstream of middle class America, but their offspring fail in that task as well (Borjas, 1999; Oropesa and Landale, 1997a; Waldinger and

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Perlmann, 1998; Zhou, 1997; Portes and Rumbaut, 1996, 2001; Rumbaut and Portes, 2001). Moreover, in some cases, second generation immigrants, as well as immigrant children who came to the United States at a relatively young age (known in the literature as the 1.5 generation) are worse off than their parents.

A model of "segmented assimilation" was introduced to explain the finding that some groups of the second generation are confined to an underclass position – mostly Hispanics, Latin Americans, and some Asian groups – while others achieve rapid economic success (Portes and Zhou, 1993). However, the available empirical studies of second generation immigrants focus almost solely on the less successful groups, and on schooling as the main outcome variable of the second generation. Less attention has been devoted to successful immigrant groups, and even less so to the analysis of income or wages as an outcome variable of the second generation.

In an attempt to fill this gap we provide a systematic analysis of the economic assimilation of one successful immigrant group and its offspring. The group is that of Jewish immigrants from Israel, and the analysis focuses on what is considered to be the best summary indicator for economic assimilation: income from work and self-employment (Borjas, 1999). We rely on the public use sample (PUMS) of the 1990 census in order to answer the following questions: (1) Are members of the second generation as successful as the first generation? (2) Do the children of immigrants surpass the economic achievements of the immigrants? (3) Are there any differences between members of the second generation who were born in the United States and those arriving as children (the 1.5 generation)? Finally, we examine whether the findings are similar across gender groups. The analyses will broaden our understanding regarding the fortunes of Israelis in the United States, and will contribute to the general literature of second generation immigrants. We posit that if one is to understand economic assimilation, segmented or not, of either generation, the entire spectrum of immigrant groups should be examined systematically, and income should serve as a key outcome variable.

The paper is organized as follows. First we discuss the data and the method for identifying Israeli Jewish immigrants and members of the second generation in the 1990 PUMS. Next, we present some descriptive statistics – mainly schooling and income – of first, second, and 1.5 generation Israelis, relative to a benchmark of native-born Americans. These comparisons show that all groups of Israelis do very well when compared to white, non-Hispanic native-born Americans (heretofore, natives).[2] In the third section we present income equations for the three Israeli groups (first, second, and 1.5 generation) and for a random sample of natives. The final section discusses the results and their implication to the literature of second generation immigration.

IDENTIFYING FIRST
AND SECOND GENERATION ISRAELIS
IN THE CENSUS DATA

The data are drawn from the 5 per cent 1990 PUMS. We consider all Israeli-born, 25 to 64 years old, who arrived the United States when they were 18 years or older, to be first generation Israeli immigrants. Since this group includes some 30 per cent Arab immigrants from Israel (Cohen and Tyree, 1994; Cohen and Haberfeld, 1997), we used the language and ancestry questions to exclude Israeli-born Arabs from this group. Israeli-born who speak Arabic at home,[3] or state one of their ancestries to be "Palestinian" or "Arab" were considered non-Jews.[4] Those who arrived in the United States with their parents when they were 14 years old or younger, are considered members of the 1.5 generation – they are foreign-born, but their education, at least the secondary education, was obtained in the United States. Previous research suggests that these children should not be grouped with children of immigrants born in the United States because there are significant differences between the two groups of children. Moreover, Oropesa and Landale (1997b) suggest a finer distinction within the 1.5 generation based on age upon arrival. The younger the child upon arrival to the United States, the closer she or he is to the second generation. Therefore, in some analyses we break down the 1.5 generation further, to distinguish between those arriving in the United States before they were 8 years old, and those arriving when they were between 8 and 14 years old.[5]

While identifying Israeli-born Jewish immigrants in the 1990 PUMS is straight-forward and accurate, the identification of US-born offspring of these immigrants is more difficult, as the census no longer asks about parents' country of birth. Indeed, this is why there are virtually no studies on the economic integration of adult members of the second generation that are based on the PUMS. Previous second generation research used mostly the ancestry and racial questions to trace households where US-born *children* of immigrants reside (Hirshman, 1994; Jensen and Chitose, 1994). Fortunately, in the case of Israeli Jews, it is possible to identify in the PUMS adult members of the second generation, using the language and ancestry questions (Cohen and Haberfeld, 1997). Thus, if a US-born person speaks Hebrew at home or states an Israeli ancestry, it is safe to assume that he or she most likely grew up in an Israeli family. As Cohen and Haberfeld (1997) demonstrated, most US-born persons who speak Hebrew at home, as well as those stating Israel as one of their ancestries, are much younger than other natives of the United States. Therefore, such persons are likely to be children of Israeli immigrants rather than older observant American Jews.

Israel itself is a young country, sending immigrants to the United States only after the state was established in 1948. We therefore limited our sample of second gen-

eration Israelis to persons 25 to 42 years old,[6] who mention Israel as one of their ancestries or report that they speak Hebrew at home. Thus the oldest member of our sample was born in the United States in 1948. While admittedly crude, this identification method probably captures most US-born sons and daughters of Israeli immigrants in the United States.

DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS OF FIRST GENERATION ISRAELI IMMIGRANTS

Previous research, based on various sources of data in the 1970s and 1980s concluded that Israelis in the United States are a successful group of immigrants. Their level of education was found to be higher not only than that of native-born Americans, but also than the educational levels in Israel (Cohen, 1996; Gold and Phillips, 1996).[7] Table 1, comparing Israeli immigrant men and natives aged 25 to 64, suggests that this is true for the 1990s as well. In all measures of schooling (years of education, percent with at least a college degree, and high school dropout percentage), Israeli immigrant men do better than native-born Americans of the same ages. Their labour market participation rate is not lower than that of natives, while their unemployment rate is lower than that of natives, despite the fact that nearly one-quarter of the Israelis arrived in the United States in the three years preceding the census year[8] and their process of assimilation had barely begun.

The situation among women is similar: in all measures of education, Israeli women immigrants surpass natives of similar ages, although by not as much as their male counterparts. Their labour force participation rate, however, is significantly lower than that of natives, especially given their high educational levels – an issue to which we will return when discussing the second generation.

Given the high educational levels of Israelis, it is not surprising that their labour market performance surpasses that of natives. In all measures of labour market performance – occupation, annual hours of work, median annual income (from work and self-employment), and median hourly wage, Israeli immigrant men are better off than natives of similar ages. Among women, the advantage of Israelis relative to natives is moderate, mainly because they work fewer hours than their native counterparts. Consequently, Israeli women immigrants earn more per hour than native women, but their annual income is somewhat lower. Taken together, however, Table 1 tells a clear story: Israeli immigrants in the United States, both men and women, are of higher socio-economic characteristics than natives. Their skills, whether measured by education, occupation, or hourly wage, are higher than those of natives.

TABLE 1

EDUCATIONAL AND LABOUR MARKET CHARACTERISTICS:
FIRST GENERATION[1] ISRAELI-BORN JEWISH IMMIGRANTS
IN THE UNITED STATES AND NATIVE-BORN AMERICANS[2],
25-64 YEARS OLD, 1990

	Men		Women	
	Immigrants	Natives	Immigrants	Natives
Number of cases	881	11,613	696	12,113
Mean age	38.7	41.5	39.6	41.8
% married	78.3	71.2	82.4	71.1
Mean number of children	-	-	2.0	2.0
Mean years of schooling	14.4	13.4	13.9	13.1
% high school dropouts	5.6	11.9	7.6	12.0
% with at least BA	42.7	27.9	36.7	22.1
% students	10.6	5.9	15.3	6.2
% English "very well"	72.9	99.4	65.9	99.4
% in labour force	89.4	89.3	57.5	70.1
% unemployed	3.1	4.0	5.4	3.9
% not working and not at school	7.8	11.2	35.4	28.6
Mean YSM	10.8		11.4	
Of those Working:				
% in PTM[3] occupations	50.6	34.1	58.6	36.7
% self employed	30.8	13.7	11.6	7.1
Mean annual hours of work	2213	2162	1457	1749
Median hourly wage ($)	15.4	12.9	11.7	8.8
Median annual income ($)	34,000	28,000	15,000	16,000
Salaried only:				
Median hourly wage ($)	15.9	13.0	11.7	8.9
Median annual income ($)	34,500	28,000	15,000	16,000

Notes: (1) Excluding Israeli-born who arrived before they were 18 years old, and those born to American parents in Israel; (2) sample of natives is 1/4000 of white, non-Hispanic persons; (3) professional, technical, and managerial workers.

SECOND GENERATION VS. FIRST GENERATION ISRAELIS: OBSERVED DIFFERENCES

Are the children of Israeli immigrants as successful as the immigrants themselves? One way to examine this question is to compare the three Israeli groups (first, 1.5,

and second generations) to each other as well as to a sample of native-born Americans. Because our sample of the second generation is limited to persons 25 to 42 years old, all groups are measured at these ages. Surely, first generation immigrants aged 25 to 42 in 1990 are not the parents of second generation immigrants of the same ages at the same year. Hence, we do not study intergenerational mobility of immigrants, but rather compare the economic success of immigrant generations in a given year (1990), when members of both generations are of the same ages. We prefer this comparison to one in which younger persons of the second generation are compared with older member of the first generation because income is highly correlated with age. We also prefer comparing the generations in the same year rather than observing the first generation 20 to 30 years before observing the second generation, in order to avoid a possible period effect. In short, in the case of Israeli immigrants to the United States, where no major differences in the characteristics of successive wave of immigrants ("cohort effects") were detected, comparing persons of the same age in a given year appears to be the best method for avoiding biases stemming from period and age differences.

Table 2 presents characteristics of the three Israeli groups and that of natives, by gender. For men, the comparisons in schooling tell an unequivocal story: first, the three groups of Israelis are of higher educational levels than that of native-born Americans. Second, the advantage of the second and 1.5 generations over natives is larger than the advantage of the immigrants themselves. Third, the second generation appears to have somewhat higher educational credentials than the 1.5 generation. Nearly 60 per cent of the second generation, compared with 54 percent of the 1.5 generation, are college graduates. The comparable figures for immigrants and natives are 39 and 28 per cent, respectively. Likewise, the highest proportion of students during the survey year was found among members of the second generation, even though many of the immigrants came to the United States as students.

Turning to labour market performance, a similar picture emerges – the three groups of Israeli men surpass the native population in all measures of economic standing: occupations, wage rates, and annual income. However, unlike the case of schooling, there are no appreciable differences within the Israeli groups. While members of the second generation who were born in the United States are more likely than the other two groups to attain professional, technical, and managerial occupations, the median wage rates of the three Israeli groups are similar, and the median annual income (among salaried men) are identical ($30,000 compared with about $25,600 among natives). In only one measure, self-employment rates, we observe a major difference within the Israeli groups. While both immigrants and members of the 1.5 generation have very high self-employment rates (31% and 27% respectively), the rates among second generation Israeli immigrants are 17 per cent, and among natives 11 per cent.

TABLE 2

EDUCATIONAL AND LABOUR MARKET CHARACTERISTICS: 1.5, SECOND,
AND FIRST GENERATION ISRAELI IMMIGRANTS IN THE UNITED STATES,
AND NATIVE-BORN AMERICANS, 25 TO 42 YEARS OLD, 1990

	Men				Women			
	1.5 gen.	Second gen.	First gen.	Natives	1.5 gen.	Second gen.	First gen.	Natives
Number of cases	199	606	617	6,628	166	628	468	6,740
Mean age	34.7	33.1	33.8	33.5	34.4	32.8	34.2	33.4
% married	67.1	59.8	75.3	64.2	75.8	70.6	84.3	70.2
Mean no. of children	-	-	-	-	1.9	1.6	1.8	1.5
Mean years of schooling	14.9	15.4	14.2	13.5	14.7	15.1	14.1	13.5
Mean YSM	27.9	-	7.9	-	27.2	-	7.7	-
% high school dropouts	3.2	3.3	4.1	8.1	3.3	3.3	4.7	7.5
% with at least BA	53.9	59.1	39.4	28.3	51.7	55.5	39.4	26.4
% students	9.0	14.5	13.3	8.4	16.2	14.1	19.0	8.3
% English "very well"	90.2	89.2	72.0	99.5	91.5	90.2	65.6	99.4
% in labour force	94.6	88.0	89.6	91.5	67.1	72.2	55.3	76.6
% unemployed	1.0	4.2	3.1	4.5	3.9	5.0	5.2	4.2
% not working, not at school	3.6	11.0	6.6	7.3	29.3	23.6	35.6	21.3
Of those working								
% in PTM[1]	51.6	56.7	48.1	32.0	55.6	61.4	57.7	39.7
% self-employed	27.2	16.6	30.8	11.2	6.2	9.6	11.5	6.4
Mean annual hours	2,205	2,135	2,220	2,181	1,491	1,563	1,420	1,563
Median hourly wage	14.4	14.7	14.4	12.0	13.0	12.5	11.3	8.9
Median annual Income	32,000	30,591	30,000	25,654	18,200	18,217	13,000	16,000
Salaried only								
Median hourly wage	14.2	14.2	14.4	12.0	13.0	12.4	11.4	9.0
Median annual income	30,000	30,000	30,000	25,671	18,463	19,000	12,639	16,000

Note: (1) Professional, technical, and managerial workers.

It appears that the tendency for self-employment among Israelis is higher among those arriving as children than among those born in the United States. By and large, the descriptive statistics regarding the generations of immigrant men suggest that sons of Israeli immigrants are at least as successful in the labour market as the immigrants themselves. No doubt they achieve this success primarily through the attainment of education, a domain in which they surpass both the natives and the immigrants themselves.

The schooling pattern among women is similar to that found among men. First, in all measures of educational attainment – mean years of schooling, per cent with at least a college degree, and per cent of high school dropouts – the three groups of the Israelis do better than native-born women. Second, daughters of immigrants, especially those born in the United States, achieve higher educational levels than the immigrant women themselves. For example, more than 55 per cent of women born in the United States to Israeli parents are college graduates, as compared with 52 per cent among those arriving as children, 39 per cent among immigrant women, and 26 per cent among native-born American women of the same ages.

Surprisingly, women's labour market participation rate is relatively low, given the high rate of college graduation among Israeli women of both generations. While 77 per cent of native-born women are in the labour force, the figure among first generation Israeli women immigrants of the same ages is only 55 per cent. One possible explanation for their relatively low participation rate is that nearly one-fifth of them are students as compared with only 8 per cent among native women. Their lower participation rates may be also be explained by their relatively poor language skills. The proportion of immigrant women speaking English at home, or speaking it very well, is lower than that of immigrant men, although not by much. It is also possible that the high marriage rates among immigrant women (84% compared with 70% among natives) may in part explain their low labour force participation rates. Many of them may be "tied movers" accompanying their Israeli husbands to the United States. Their role in the new country, in spite of their high schooling, appears to be that of a homemaker.

Interestingly, according to the 1990 National Jewish Population Survey (CJF, 1991) labour force participation rates among Jewish women in America is between 53 per cent and 61 per cent (depending on their level of Jewishness) which is similar to the rates among first generation Israeli women in the United States (55%). Thus, a "Jewish effect" might be operating here. However, if that were the case, then the rates among second generation Israeli women should have been even more similar to that of American Jewish women. They are not. Daughters of immigrants, both those arriving as children and those born in the United States, show a higher propensity to be in the labour market. Participation rates among women of the 1.5 generation is 12 percentage points higher than that of immigrant women, and the proportion among women of the second generation (72%) is almost the same

as those of native women (77%). Given that the proportion of students among members of the second generation is nearly as high as among women immigrants, their participation rates appear to conform to the American norm, rather than the Jewish norm. Apparently, it takes a full generation for Israeli women immigrants to adapt to the labour market behaviour of white, non-Hispanic native-born American women.

In labour market performance, the advantage of the daughters' generation over women immigrants is clear. While both generations of Israeli immigrants are more successful than natives, the daughters' generation, both those born in Israel and the United States, do even better than the immigrants themselves. In all measures of labour market performance, especially hourly wage rates and annual income, the daughters' generation scores higher than the first generation of immigrant women.

At the beginning of this section we sought to determine whether the second and 1.5 generations do relatively better or worse than the first generation. We now know that the answer is gender specific. With respect to educational attainment, both gender groups of the children generation are better off than the first. The schooling advantage of Jewish Israelis in the United States over natives is larger for the children's generation than for the immigrants themselves. With respect to labour market performance, especially income and wage rates, only women of the second and 1.5 generations improved their relative position, while men only maintained the income advantage observed in the first generation.

UNOBSERVED DIFFERENCES
BETWEEN ISRAELI IMMIGRANTS AND NATIVES

So far we examined the differences between the measured characteristics (e.g. years of schooling, college graduation, labour force status, annual income and wage levels) of generations of Israeli immigrants in the United States. However, immigrants differ from natives not only with respect to their observed or measured characteristics, but also with respect to such unobserved productivity-related variables as motivation, ability (however defined), and willingness to take risks (Chiswick, 1978; Borjas, 1999). Unobserved characteristics are not confined to psychological variables. Sociologists (e.g. Granovetter, 1995; Portes, 1995) identify unobserved (and thus unmeasured) characteristics such as contacts, networks, and cultural capital as determining to a large extent the success of immigrant groups. Unmeasured characteristics, the migration literature maintains, is what enables some immigrant groups to economically overtake native-born of the same observed characteristics (Chiswick, 1978). Specifically, the argument goes, in cases where immigrants were positively self-selected from their country of origin, as is the case with Israelis in the United States (Cohen, 1996), their unobserved productivity-related characteristics are superior to those of natives. As time elapses in the destination country, the wage level of such immigrant groups

may surpass that of those demographically comparable (e.g. of the same school-
ing, age, and other measured characteristics) natives.

In this section we analyse the wage levels of the three Israeli groups to assess their
unobserved productivity-related skills. We attempt to determine not only if Israeli
immigrants are better off than demographically comparable natives, but also if this
advantage persists or intensifies in the 1.5 and second generations. Thus, we wish to
determine whether the advantage first generation Israeli immigrants have over
natives of similar measured characteristics widens or narrows between generations.

Table 3 presents income regressions for first generation Israeli immigrants and
natives for persons 25 to 64 years old in 1990. All those who worked at least four
weeks in 1989, and had an annual income of more than $1,000 are included in the
analysis. Because the proportions of self employed and students are high among
Israelis, they were included in the analysis.[9] The dependent variable is (ln) annual
income from work, and independent variables are the usual variables known to
affect income.[10] For our purpose, the coefficients of interest are those of the dummy
variable for being an immigrant and the assimilation measure, years since mi-
gration (YSM). The coefficients for being an immigrant among both gender groups
are not statistically significant, suggesting that Israeli immigrants earn as much as
natives of similar characteristics in their first year in the United States. In sub-
sequent years, as they learn the language and the labour market, Israeli immigrants
overtake natives. Every year in the United States, Israeli immigrant men and women
increase their income, relative to demographically comparable natives, by 2.2 per cent
and 1.3 per cent, respectively.[11] Thus, while most other immigrant groups earn
less than natives when than arrive, and catch up in subsequent years as they learn
the ropes better, Israelis earn as much as natives when they arrive, and (especially
men) surpass natives relatively fast. Apparently, the unmeasured characteristics of
Israeli immigrants (relative to those US-born) explain this phenomenon.

We now turn to the second and 1.5 generations. The first two columns of Table 4
show income regressions including members of the second generation, the
1.5 generation, and natives. We limit the analysis to persons 24 to 42 years old, as
this is the top age for the second and 1.5 generations.[12] In the regressions we broke
the 1.5 generation into two groups: those arriving in America before age 8, and
those arriving between ages 8 and 14. Here the coefficients of interest are those for
the dummy variables for the 1.5 and second generations. The results for men sug-
gest that members of the second generation, those US-born to Israeli immigrants,
have the same income as other native-born Americans with similar measured char-
acteristics. By contrast, members of the 1.5 generation arriving in America between
ages 8 and 14 earn 13 per cent more than native-born Americans, while those
arriving in the United States when they were younger than age 8 have the largest
income advantage over demographically comparable natives. They earn approxi-
mately 26 per cent more than natives with the same measured characteristics.

TABLE 3

REGRESSIONS FOR LN ANNUAL INCOME IN 1989: ISRAELI-BORN JEWISH
IMMIGRANTS, AND NATIVE-BORN AMERICANS, 25 TO 64 YEARS OLD
(standard error in parentheses)[1]

	Men	Women
Age	.073*	.038*
	(.005)	(.005)
Age squared	-.0007*	-.0003*
	(.000)	(.000)
Ln annual hours of work	.753*	.882*
	(.014)	(.010)
Years of schooling	.066*	.082*
	(.004)	(.004)
BA or higher	.141*	.131*
	(.022)	(.023)
Student	-.102*	.014
	(.026)	(.024)
English "very well"	.021	.019
	(.044)	(.052)
Salaried	.091*	.146*
	(.017)	(.024)
Married	.221*	-.021
	(.014)	(.014)
Non-South	.120*	.067*
	(.014)	(.014)
Number of children		-.045*
		(.005)
YSM	.022*	.013
	(.007)	(.009)
YSM squared	-.0006*	-.00009
	(.000)	(.0001)
Immigrant	-.002	.022
	(.051)	(.062)
Constant	1.601	1.044
R squared (adjusted)	.368	.527
F	506*	715*
Number of cases	11,258	8,961

Notes: *p < .01; (1) Data are based on 1990 PUMS. Included in the analyses are working
men with at least $1,000 in annual income who worked at least four weeks in 1989.
Immigrants born to American parents in Israel, and those who arrived in the United
States as children (less than age 18) were excluded. Sample of natives is 1/4000 of
white non-Hispanic persons.

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TABLE 4

REGRESSION FOR LN ANNUAL INCOME IN 1989: ISRAELI IMMIGRANTS,
CHILDREN OF IMMIGRANTS, AND NATIVE-BORN AMERICANS,
25 TO 42 YEARS OLD (standard error in parentheses)[1]

	Natives, 1.5 generation, and second generation[2]		First generation, 1.5 generation, and second generation[3]	
	Men	Women	Men	Women
Age	.022***	.017***	.019***	.005
	(.001)	(.002)	(.005)	(.005)
Ln annual hours of work	.778***	.898***	.759***	.845***
	(.017)	(.012)	(.041)	(.029)
Years of schooling	.079***	.085***	.056***	.066***
	(.005)	(.006)	(.016)	(.019)
BA or higher	.088***	.094***	.170**	.030
	(.027)	(.028)	(.082)	(.086)
Student	-.140***	-.008	-.285***	-.145**
	(.026)	(.025)	(.062)	(.058)
Salaried	.070***	.148***	-.065	-.067
	(.021)	(.029)	(.048)	(.071)
Married	.194***	.047***	.228***	.114**
	(.016)	(.017)	(.047)	(.053)
Number of children	-	-.070***	-	-.037**
		(.007)		(.018)
Non-South	.095***	.081***	.187***	.211***
	(.017)	(.017)	(.064)	(.070)
Age at arrival 0 to 7	.257***	.230***	.208***	.125
	(.056)	(.068)	(.073)	(.082)
Age at arrival 8 to 14	.131*	.237***	.059	.087
	(.069)	(.085)	(.087)	(.101)
US-born second generation	.034	.146***		
	(.027)	(.027)		
First generation			-.017	-.148**
			(.062)	(.071)
YSM* first generation			.007	.013*
			(.006)	(.007)
Constant	2.231	1.178	2.782	2.398
R squared (adjusted)	.393	.563	.361	.547
F	417***	628***	61***	80***
Number of cases	7,074	5,845	1,281	857

Notes: *p < .10; **p < .05; ***p < .01; (1) Data are based on 1990 PUMS. Included in the analyses working men with at least $1,000 in annual income who worked at least four weeks in 1989. Sample of natives is 1/4000 of white non-Hispanic men; (2) omitted category: natives; (3) omitted category: second generation.

Among women, all three groups of children of immigrants earn more than natives of similar characteristics. The income advantage is about 15 per cent for second generation women, and about 23 per cent for the two groups of the 1.5 generation.

UNOBSERVED DIFFERENCES BETWEEN GENERATIONS OF ISRAELI IMMIGRANTS

The outstanding question is whether the advantage observed among children of immigrants over comparable natives is similar, lower, or greater than the advantage enjoyed by the first generation. Unfortunately, we cannot compare the results of Table 3 to the first two columns of Table 4, because of the different age groups. We therefore present in the two right columns of Table 4 a direct test of this question. These regressions include the first, second, and 1.5 generations, 25 to 42 old. The coefficients of interest here are those of the dummy variables for the 1.5 and first generation (relative to the omitted category, the second generation), and the YSM for the first generation.

The results among men are clear: the coefficient for the first generation and for YSM are not statistically significant, suggesting no differences between the first and second generation. Likewise, the coefficient for members of the 1.5 generation arriving in the United States between the ages of 8 and 14 is not statistically significant. However, those arriving in the United States when they were infants or young boys earn 21 per cent more than the other groups. Thus, among men, it appears that the advantage of the first generation over natives carries on, and even increases, among members of the 1.5 generation who arrive at very young age. Among their brothers, born in the United States or Israel, the advantage over natives is similar to the advantage of the first generation.

A somewhat different result emerges among women. The coefficient for both groups of the 1.5 generation is not statistically significant, suggesting that all daughters of immigrants are similar. However, the coefficient for being a first generation immigrant suggests that upon arrival in the United States, Israeli women immigrants earn about 15 per cent less than members of the second generation of similar characteristics. Yet the coefficient for YSM implies that every year in the United States, Israeli women immigrants increase their income 1.3 per cent faster than comparable members of the second generation. This being the case, it takes Israeli immigrant women in the United States about 11 years to reach the income level of demographically comparable second generation Israeli women. In short, unlike the case among men, there is no clear indication for differences in the unmeasured traits between immigrant women and the various groups of children of immigrants.

DISCUSSION

Successful immigrant groups are rarely examined in the second generation litera-
ture. Typically, the least successful groups are analysed, and conclusions regard-
ing the integration and assimilation of children of these immigrants are, therefore,
not encouraging. In many cases the first generation is at the bottom of the socio-
economic hierarchy, and the second generation is no better off than the first.

We focused on one of the most successful immigrant groups in the United States.
Perhaps this is the explanation for our different results. We found that first genera-
tion Jewish Israeli immigrants in the United States are very successful economic-
ally relative to native-born Americans. Much of this success is due to the high
level of human capital of Israeli immigrants. The advantage of Israeli immigrants,
however, is not limited to their measured human capital. Israeli immigrants, both
men and women, attain higher income levels than natives of similar schooling and
other measured characteristics. The high starting point of Israeli immigrants surely
helps the second generation attain higher education and income. However, it also
lowers the probabilities for intergenerational mobility, as the first generation is
hard to beat. Because of a ceiling effect and regression toward the mean, it seems
unlikely that children of Israeli immigrants will overtake or even reach the school-
ing and income levels of the immigrant generation. Our results suggest otherwise.

We found that children of Israeli immigrants are at least as successful as the immi-
grants themselves. Despite the ceiling effect, both men and women of the second
and 1.5 generations attain higher education levels than immigrants. With respect
to wage rates and income, the results differ by gender. Among men, sons earn
about as much as the first generation, while among women, the daughters are
better off than the immigrants. Overall, the children of Israeli immigrants appear
to beat the statistical odds. The gap between them and their native-born American
counterparts is wider than the gap between the immigrants and natives.

The unobserved productivity-related characteristics of sons of Israeli immigrants
appear to be as beneficial as the characteristics of the first generation. Members of
the second and 1.5 generations earn as much as immigrants of similar schooling
and other measured characteristics. One exception to this general pattern is the
1.5 generation of boys who were born in Israel and arrived in the United States at
a very young age. Their annual income is about one-fifth higher than that of de-
mographically comparable first generation immigrant men. It is also higher than
that of other members of the 1.5 and second generations. In other words, among
children of immigrants, the most successful group is that of very young boys who
arrived in the United States with their parents before they were 8 years old. One
possible explanation for this finding is that these young boys enjoy a double
advantage: first, like US-born second generation immigrants, they are fully Ameri-

canized due to the young age they arrived in the United States; and second, they were growing up during the period their parents attempted (successfully) to assimilate in the new country. This experience probably enhanced the unobserved characteristics (e.g. motivation and ambition) of these young boys compared with their brothers whom arrived in the United States at an older age or were born in the United States.[13]

Among women, all daughters of immigrants, irrespective of age of arrival and place of birth are better off economically than first generation immigrants. However, women of the first generation close the gap with demographically comparable members of the 1.5 and second generation in about 11 years. We believe it is the selectivity of Israeli immigrant women who participate in the US labour market that explains the fact that among women (but not among men), members of the first generation overtake the second and 1.5 generations. Given the high level of schooling of first generation Israeli women immigrants, their labour force participation rate is very low. This being the case, it is reasonable to assume that those who chose to participate in the labour market are highly selective on their unobserved characteristics, and therefore succeed in overtaking demographically comparable women of the second and 1.5 generations.

Our study was not designed, nor do we have the data to identify the specific unmeasured and hence unobserved characteristics that enhance the economic success of first and second generation Israelis. However, in addition to the "usual suspects" – ability, motivation and social ties – Israelis may get some benefits from their associations with the large and affluent Jewish community in the United States. While in the past the American Jewish community was reluctant to fully accept Israeli-born immigrants, this attitude has changed in recent years (Gold and Phillips, 1996). The implication of such an attitude change to the economic integration of Israeli immigrants and their children are far reaching, given the economic, social, political, and cultural resources of the American Jewish community. To the extent that this is so, it is also possible that Israeli-born Americans increasingly compare themselves and strive to assimilate not to white non-Hispanic, native-born Americans, but to American Jews. By this standard, it appears that the economic progress achieved by Israelis in the United States, is less impressive. While earnings data for Jewish Americans are not readily available, their schooling levels – in 1990, 69 per cent were college graduates (Goldstein, 1992) – are higher than those of first and second generation Israelis.

On a broader level, our results indicate that the assimilation process is indeed segmented (Portes and Zhou, 1993). While the road to complete economic integration lasts several generations for some immigrant groups (Borjas, 1999; Zhou, 1997), the same process is completed in less than one generation among immigrants from other source countries. Once a successful group of immigrants is iden-

tified – in our study, income was the main measure of success – the main task is to identify the process and factors which are responsible for its rapid economic assimilation. Like other successful immigrant groups, the economic success of Israeli immigrants and their offspring in the United States is due not only to their high level of education, but also to unmeasured traits that help them earn more than demographically comparable natives. The first generation is highly selective, with a high proportion of college graduates, and as a result, median annual income which is above the median for natives. The financial resources of the first generation, coupled with their high level of schooling and unobserved characteristics are responsible for the even higher college graduation rates among children of Israeli immigrants. In the 1990s, even more than in earlier decades, college education is the key factor for economic success not only for immigrants and their children (Waldinger and Perlmann, 1998) but for all Americans.

NOTES

1. We thank Sigal Shelach for her assistance in the data analyses.
2. This is the standard benchmark for white immigrant groups that do not suffer from discrimination in the United States (Borjas, 1999). In the case of Israeli Jews, one could argue that another possible benchmark would be American Jews. However, since Jews, as members of all religions, are not identifiable in the US census, it is not possible to use the PUMS for analysing their economic fortunes.
3. Virtually no Israeli-born Jews speak Arabic at home, not even those whose parents came to Israel from Arab countries. This is in part due to Israel's successful policy of promoting Hebrew as the only language to be used by Israeli Jews.
4. We followed the algorithms presented by Cohen and Haberfeld (1997) to identify both first and second generation Israelis in the 1990 PUMS. Israeli-born Arabs are excluded from the analysis because it is not possible to identify their offspring using the ancestry and language questions available in the 1990 PUMS.
5. Israeli-born children who arrived in the United States when they were 15 to 17 years old were excluded from the analysis. Children leaving Israel at these ages are required to return to Israel for military duty when they are 18 years old. Consequently, the number of adult immigrants in the United States who arrived when they were 15 to 17 years old is very small.
6. Older orthodox American Jews who identify with Israel may mention Israel as one of their ancestries, or report speaking Hebrew at home, although they do it only in their prayers. Setting these age limits (25 to 42) minimizes this risk.
7. See Cohen (1989, 1996) and Cohen and Tyree (1994) for demographic and socio-economic characteristics of Israelis in the United States, and especially for their bi-modal distribution with respect to occupation and income.
8. See Cohen and Haberfled (1997, 2001) for the high rates of return migration among Israeli-born in the United States, which explains why such a high proportion of Israeli-born in the 1990 census are recent immigrants.

9. Given the relatively low rates of labour force participation among women, the possibility of selectivity bias in being included in the women's earnings analysis is present. However, introducing a correction for selectivity (e.g. Heckman, 1980) is problematic in our case because census data do not include adequate indicators for labour supply independent of earnings.

10. The independent variables are: age in years and its squared term, ln annual hours of work, years of schooling, years since migration and its squared term, and dummy variables coded 1 if respondent has a BA degree, if a student, if an immigrant, if speaks only English or speaks it "very well", if married, if resides in a region outside the South, and if salaried.

11. The coefficient for YSM among women is not statistically significant by conventional standards (t value of 1.49, which is statistically significant at the .13 level).

12. The variables included in the regressions are similar to those included in Table 3. Because the top age is relatively young (42), the squared terms for years since migration and age are not included in Table 4.

13. Previous second generation research (Carliner, 1980; Chiswick, 1977) used this reasoning to explain the higher wage levels of second generation compared with third generation immigrants.

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INTEGRATION ECONOMIQUE DES ENFANTS
D'IMMIGRES ISRAELIENS AUX ETATS-UNIS

Cet article analyse l'assimilation économique des immigrés juifs israéliens des première et deuxième générations, et de la génération 1,5 aux Etats-Unis. Ces analyses empiriques s'appuient sur l'échantillon PUMS de 1990 permettant l'identification des enfants adultes d'immigrés juifs israéliens. Elles montrent que tous les groupes d'immigrés juifs israéliens se trouvant aux Etats-Unis occupent une position très enviable par rapport à un groupe repère d'Américains autochtones. Les comparaisons entre ces deux groupes font en outre apparaître que les enfants des immigrés – tant hommes que femmes – font encore mieux, économiquement parlant, que les immigrés eux-mêmes. La réussite économique des immigrés israéliens et de leurs enfants aux Etats-Unis est due non seulement à leur niveau élevé d'éducation, mais aussi à des caractéristiques non chiffrées qui leur permettent de mieux gagner leur vie que des autochtones présentant des caractéristiques démographiques comparables.

INTEGRACIÓN ECONÓMICA DE LOS HIJOS
DE INMIGRANTES ISRAELÍES EN LOS ESTADOS UNIDOS

Este documento analiza la asimilación económica de la primera generación, de la generación 1,5 y de la segunda generación de inmigrantes israelíes judíos en los Estados Unidos. Los análisis teóricos se basan en una muestra de encuesta pública de 1990 (PUMS) que permite la identificación de hijos adultos de inmigrantes israelíes judíos. El análisis demuestra que todos los grupos de inmigrantes israelíes judíos en los Estados Unidos están desenvolviéndose bien en comparación a la media de las personas nacidas en los Estados Unidos. Las comparaciones también apuntan a que los hijos de los inmigrantes – tanto mujeres como hombres – tienen más éxito económicamente que los propios inmigrantes. El éxito económico de los inmigrantes israelíes y de su descendencia en los Estados Unidos se debe no solamente a elevados niveles educativos, sino también a características que no han sido evaluadas y que ganan más que los nativos con quienes pueden compararse desde el punto de vista demográfico.