

**Determinants of Poverty among Post-1990 Immigrants in Israel: Does Age at Migration Matter?**

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**Extended abstract submitted for consideration for presentation at the Annual Meeting of the Population Association of America, Austin TX, April 2019.**

## **Determinants of Poverty among Post-1990 Immigrants in Israel: Does Age at Migration Matter?**

Poverty rates among immigrants tend to be higher than among the native-born, and this is typically explained as part of the process of economic integration (or lack thereof). In this study we argue that age at immigration is an important factor in predicting poverty along the life course and we focus on the Israeli case. Israel has long been viewed as the prototype of an immigrant society having the highest proportion of foreign-born population of any country (Della Pergola 1998; Cohen 2002).

Migrants arriving as children or adolescence are less likely to experience poverty as adults than people arriving at older ages because they acquired their education in the host country, they are proficient in the host language and culture and have strong local social networks that can help secure employment. Working-aged immigrants typically interrupt their employment and must start again in a new labor market, therefore they are more likely to encounter poverty and economic hardship than immigrants who arrived as children. Nevertheless, studies show that within a period of 10-15 years, many immigrants improved their economic position and assimilated successfully in the host society. Immigrants arriving at older ages may encounter severe difficulties in finding employment. They also have fewer years to accumulate market experience in the new labor market and to accrue pension benefits, and consequently they have lower levels of benefits upon retirement and are at risk of experiencing poverty and economic hardship.

Immigrants differ not only in age at migration (age effect) and year of migration (period effect); they also arrive from different countries, that is, they evince an “origin effect.” Countries differ in levels of development, occupational structures, levels of human capital, and the extent that accumulated rights, savings, and pensions

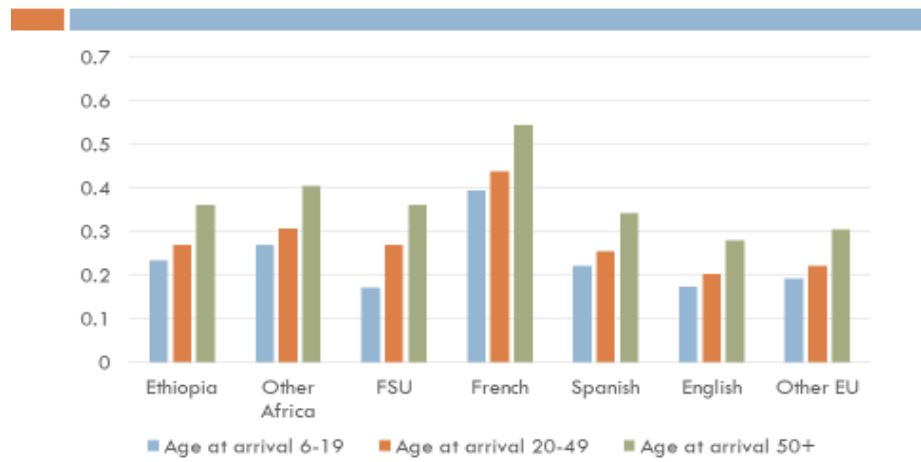
may be transferred to another country. In addition, immigrants of different ethnic origin may be treated differently in the labor market: some groups may encounter discrimination while others may benefit from existing ethnic ties and networks. Immigrants also differ in their ability to transfer accumulated resources from their country of origin. For example, immigrants to Israel from the United States may import their savings and enjoy their social security benefits upon retirement, whereas immigrants from the former Soviet Union have, until very recently, forfeited their accumulated savings and pensions when they left their country of origin. Most vulnerable are those who migrate at an older age from countries in which they either did not accumulate retirement benefits or could not transfer them to the host country.

This study draws on the "Immigrant Survey," collected by Israel's Central Bureau of Statistics. This survey provides detailed information on language proficiency and social networks of immigrants arriving to Israel between 1990 and 2007. This survey was matched with 2008 census data which provided us with detailed information on household income, necessary for computing poverty income. We distinguish seven immigrant groups, defined by their area/country of origin and by their language: Ethiopia, Former Soviet Union (FSU), Middle Eastern and North African countries (MENA), English speakers (from Europe-America), Spanish speakers (from Europe-America), French speakers from European countries, and other European countries.

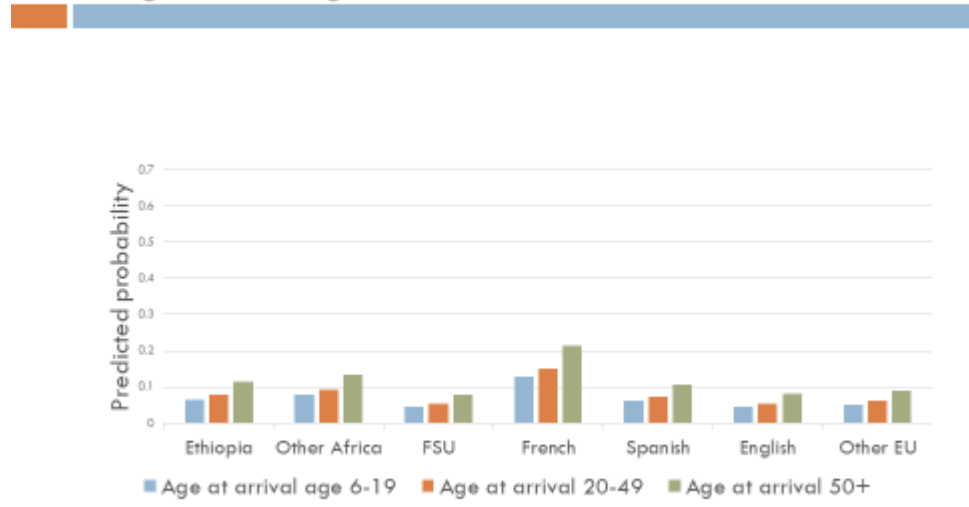
Preliminary findings show that age at migration indeed matters, and those arriving after age fifty have higher odds of being in poverty than those migrating at younger ages. Although we expected language proficiency and social networks to account for differences in poverty by age at arrival, the predicted probabilities presented below suggest that age at arrival affects the likelihood of being in poverty,

even after controlling for language proficiency, social networks, country of origin, education and labor market participation, as well as gender and marital status. Moreover, the findings show that although welfare transfers reduce poverty substantially, they do not eliminate differences by age at migration or by country of origin.

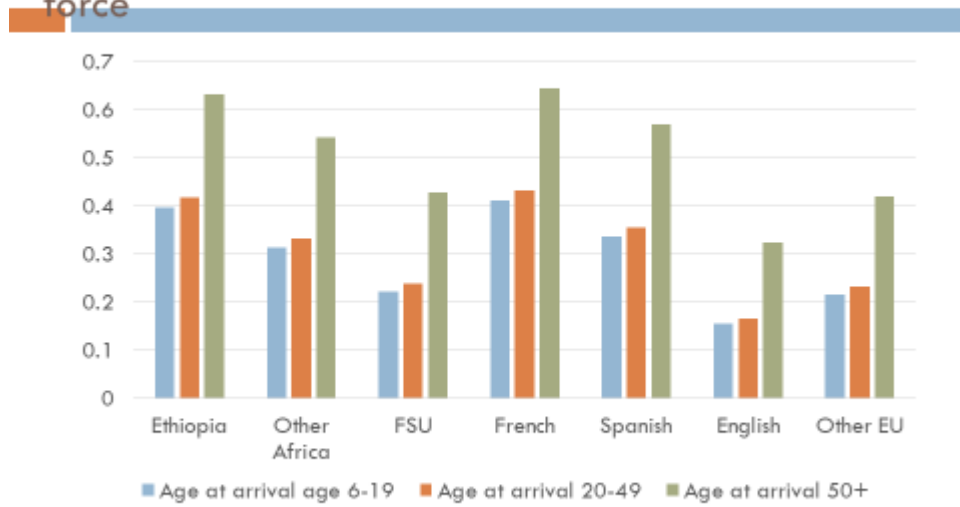
Predicted probabilities of poverty, by origin and age at arrival: Not in labor force



Predicted probabilities of poverty, by origin and age at arrival: In labor force



Predicted probabilities of poverty BEFORE transfers, by origin and age at arrival: Not in labor force



Predicted probabilities of poverty BEFORE transfers, by origin and age at arrival: In labor force

