

Immigration, State Support, and the Economic Well-Being of the Elderly in Israel

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The economic well-being of the elderly largely reflects their cumulative achievements in the labor market and the success of welfare policy in reducing income gaps and inequality. This article focuses on the effect of immigration, especially its timing along the life course, on economic well-being later in life. Using data from a nationally representative survey of the elderly population in Israel, we found that immigrants entering Israel at a young age were able not only to accumulate sufficient labor force experience but also to secure the types of employment that grant high levels of benefits. Thus, they could achieve economic independence by old age. The findings underscore the role of the state in compensating those who immigrated at older ages for their inability to accumulate market resources by raising them above the poverty line.

Keywords: *elderly; Israel; poverty; immigrants*

Inequality among the elderly largely results from differences between those who have experienced steady employment throughout their working lives and those whose employment has been interrupted by economic changes, market discrimination, family obligations, and other life events. The literature on the economic consequences of market activity focuses on ethnicity and gender as two major correlates of economic inequality and discrimination. Accordingly, women attain

AUTHORS' NOTE: This is a joint article, with equal contribution from both authors. This research was supported by grant no. 774/99 from the Israeli Science Foundation. We thank Israel Doron, Judah Matras, and Phyllis Moen for their helpful comments, and Yasmin Alkalay and Varda Levanon for their assistance in data preparation and analyses.

RESEARCH ON AGING, Vol. 25 No. 3, May 2003 195-223

DOI: 10.1177/0164027503251696

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lower levels of wealth and accumulate fewer market benefits than men because of their poor market standing and their interrupted employment careers due to home and child responsibilities (Blau, Ferber, and Winkler 1997; Evan and McPherson 1990; Mitchell 1999; O'Rand and Henretta 1999). By the same token, immigrants and members of minority groups encounter difficulties securing lucrative jobs during their working careers and often have low skills and an interrupted employment history (Raijman and Tienda 1999; Stier and Tienda 2001). As they age, they become more economically vulnerable than people who have experienced uninterrupted work histories (Danziger and Gottschalk 1995; Matras 1993; O'Rand and Henretta 1999).

Studies of immigration in the United States and other countries have focused on the economic assimilation of immigrants and their standing in the host society compared with the native-born. Most of these studies (e.g., Borjas 1990, 1994; Chiswick 1979, 1982) concentrated on the incorporation of working-age immigrants into paid employment, generally neglecting the long-term effects of immigration on economic well-being later in life. By interrupting employment, immigrants may encounter lasting effects on their ability to accumulate market benefits and other social rights, so even if working-age immigrants achieve parity with the native-born population, inequalities in their economic standing may reappear when they age. Yet while benefits accrued from market activity vary considerably along different work trajectories, occupations, industries, and particular life events, state support may compensate for market deficiencies. It may reduce income gaps between immigrants and the native-born at old age by providing a safety net for the elderly who have not accumulated resources throughout their working lives or whose market income is insufficient to provide an acceptable standard of living.

This study introduces a new theoretical view of the long-term effects of migration, taking into consideration both the market and the state, and it also has important policy implications because it reveals the efficiency (or lack thereof) of state transfers in improving the economic well-being of the elderly. We focused on two main issues in Israel: First, we investigated the long-term effects of immigration and its timing on economic well-being at old age. Second, we examined the extent to which the state compensated immigrants for their interrupted employment histories and compared the efficiency of the state in its treatment of immigrants and other economically vulnerable

groups in the country. We argue that the economic position of the elderly is not a direct reflection of their personal labor market experience but is mediated by social arrangements regarding pension regulations and state support. The state may also transform the relationship between earnings and income among the elderly by providing universal old-age allowances or means-tested grants and may reduce poverty among the retired elderly by mandating adequate pension plans for all employees.

As a state founded by immigrants, Israel is a particularly interesting case with which to study the lasting effects of immigration. Moreover, the majority of the elderly are not native-born; they arrived in Israel at different stages of their life course, at different time periods, and from different countries. The native-born population in Israel is also stratified by ethnicity: the Jewish majority and Arab minority. Historically, Israeli welfare policy has favored Jewish immigrants and is aimed at facilitating their absorption into the economy.

IMMIGRATION AND THE ECONOMIC WELL-BEING OF THE ELDERLY

Immigrants' economic well-being at old age is affected by several factors: the resources they bring with them to the host country (including their human capital) (Chiswick 1979); the period of migration (Goldscheider 1996; Raijman and Tienda 1999); the timing of migration in their life course (Hao and Kawano 2001); their social capital in the new location (Massey et al. 1994); and differences in the characteristics of the host country and the country of origin (Raijman and Tienda 1999). Moreover, migration can be an important turning point in life that bears directly on market opportunities and accumulation of employment-related benefits and resources. Because they typically interrupt their employment and must start again in a new labor market, immigrants are more likely to encounter economic hardship than the native-born population. Some occupations (such as nurses, carpenters, engineers) can be easily transferred from one country to another, thus allowing efficient assimilation into the new labor market, and minimizing costs at old age, while others (such as physicians, lawyers, teachers) require training, attainment of local credentials, and language proficiency.

Numerous studies have documented the difficulties immigrants encounter in finding adequate employment and in retaining the

occupations they had in their country of origin (Borjas 1990; Chiswick 1979; Haberfeld, Semyonov, and Cohen, 2000; Raijman and Semyonov 1997; Raijman and Tienda 1999; Stier and Levanon forthcoming; Weinberg 2001). These studies tended to focus on the economic assimilation of working-age immigrants and found that within a period of 10 to 15 years, many immigrants improved their economic position and assimilated successfully in the host society (Fagnan 1995). While many studies have focused on working-age immigrants, relatively few have examined the effect of immigration on the economic well-being of older immigrants (e.g., Basavarajappa 2000; Boyd 1989; Hao and Kawano 2001; Hartman and Hartman 1994; Hu 1997; Matras 1993; Rawland 1991), and fewer yet have adopted a life-course perspective to understand the long-term effects of immigration and its timing on economic well-being later in life. In his work on Jewish immigrants to Israel, Matras (1993) found age-differentiated absorption processes, with those migrating later in life more likely to experience economic hardship at old age than those migrating at a younger age (Matras 1993). In the United States, Hao and Kawano (2001) reported a higher use of supplemental security income among immigrants entering the United States after age 55 than among immigrants entering at a younger age.

The effect of the timing of immigration on economic well-being at old age is affected by two confounded factors, age at migration and the historical and economic conditions prevailing at the period of migration. Older migrants have had fewer years to accumulate market experience in the new labor market, have contributed fewer funds to their pensions, and consequently have lower levels of benefits on retirement. In addition, studies have shown that older migrants encounter severe difficulties in finding employment in general, and in retaining their original occupation in particular (Stier and Levanon forthcoming). The period of arrival may also have long-term effects on economic well-being later in life because the prevailing economic conditions affect the type of jobs available to immigrants. For example, immigrants arriving in the United States after 1970 faced declining market opportunities compared with those arriving two decades earlier (Raijman and Tienda 1999). In Israel, immigrants arriving during the late 1970s and early 1980s, years of economic growth and relative prosperity, were easily assimilated into the labor market, in contrast to immigrants arriving during the early 1990s, years of

economic recession and mass migration (Raijman and Semyonov 1998; Weinberg 2001). In addition, most early immigrants to Israel enjoyed the benefits of working in highly unionized industries, while due to changes in the organization of the Israeli economy, especially a decline in union power, more recent immigrants were less likely to find employment protected by union contracts.

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. For example, immigrants to the United States from Asian countries have substantially higher educational levels than Hispanic immigrants, and they therefore differ in their market prospects and their economic assimilation (Raijman and Tienda 1999). 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 and other Western countries may import their savings and enjoy their social security benefits on retirement, whereas refugees from Arab countries and immigrants from the former Soviet Union forfeit their accumulated savings and pensions when they leave their country of origin. Thus, while immigrants in general are more economically vulnerable than the native-born, the variation among immigrants in their sources of economic support is expected to be high due to age and time of migration as well as countries of origin (see also Basavarajappa 2000). 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.

*PENSIONS, STATE SUPPORT, AND
POVERTY AMONG THE ELDERLY IN ISRAEL*

While the market, through lifetime accumulation of earnings and benefits from employment, constitutes the major source of economic support in old age, other factors may also contribute to economic well-

being later in life. The state, through its social policies and welfare provisions, fulfills an important role in enhancing the economic status of the elderly and in offsetting market-related inequalities and discrepancies. Whereas pensions, and for that matter, private savings, may have the effect of maintaining market inequalities into old age, state transfers are assumed to have an equalizing effect (O'Rand and Henretta 1999).

There is no legislation regarding work-related pensions in Israel, except for workers in the public sector. Most organized (and some unorganized) workers are engaged in some pension plan as part of collective labor agreements (or personal contract). At present, about 40% of the elderly receive a pension from work, with rates varying by occupation, industrial sector, and employment history. The amount of income from pensions varies by the level of salary and the number of years of accumulated benefits—only workers who spent most of their working lives (35 years) in the labor market are entitled to full compensation on retirement.

The Israel National Insurance Institute (NII) provides old age allowances for retired insured men and women (for the history of these allowances, see Gal and Pessach 2002). Allowances are granted to men at age 70 (or if they have retired from work, or still work but their income is below a certain threshold, at age 65) and to women at age 65 (or if they retired, or have low income, at age 60). Eligibility requirement is 144 months of work experience (not necessarily consecutive) in Israel, or 60 months within 10 years prior to the age of eligibility. In addition, the old-age allowance increases by 2% a year for those who have accumulated at least 10 years of work, up to a maximum of 50%.

Although recent elderly immigrants who never engaged in paid employment in Israel are not eligible for old-age allowances, special funds were made available for them from government sources (National Insurance Institute 1998).¹ The allowance is at a flat rate of 16% of the average wage for a single person and 24% for a couple. Families with dependent children receive an additional 5% for each of the first two children. Old-age allowances are not means-tested, so those who receive occupational pensions are also entitled to the old-age allowance (Matras 1993). The NII also implements a means-tested program for those who have no other source of income (Income Support Supplement), which guarantees a minimum level of income (for a detailed description, see National Insurance Institute 1998). The

Israeli system is such that the elderly who rely solely on transfers without some work-related pension live at the poverty level.² Thus, a necessary condition for an acceptable level of living at old age is that at least one household member receives a work-related pension.

Even with the universal old-age allowance and income supplement for the needy, it is not surprising that in Israel, the poverty rate among the elderly is higher than in the general population. While in 1997, 16% of the population lived below the poverty line, the comparable rate among the aged population was 23%. These figures demonstrate that although the level of the universal old-age allowance increased during the 1990s, it is still insufficient for an acceptable standard of living. Furthermore, these figures reflect the importance of work-related benefits, which differentiate those who have accumulated pension rights from those who rely entirely on state transfers. Moreover, it is reasonable to assume that the level of pension income, for those receiving work-related benefits, differs according to employment experience. Thus, it is important to examine the factors associated both with welfare dependency (and lack of pensions from work) and level of market-generated income (by particular employment history) as predictors of the economic well-being of the elderly.

IMMIGRATION AND ETHNIC CLEAVAGES IN ISRAEL

Historically, Jewish migration to Israel was a central nation-building strategy, and it continues to shape Israeli society today (Goldscheider 1996). The unique privileged status of Jewish migration to Israel is best reflected in the Law of Return, which gives every Jew in the world the right to immigrate to Israel and to receive full citizenship on arrival. In addition, the state actively supports the absorption of these immigrants with a wide range of financial assistance. Immigration to Israel is thus predominantly Jewish and includes immigrants from a wide range of countries (e.g., Western Europe, North Africa, the Middle East, and Eastern Europe). Consequently, Israel is an ethnically diverse country, in which half the Jewish population, and the vast majority of elderly Jews, are foreign-born. Therefore, social and economic cleavages are organized along national and ethnic lines rather than around nativity status, especially among the elderly.

The majority of the Israeli population is Jewish, with an Arab minority (almost all of whom are native-born) accounting for about

18% of the population. On average, Arabs have a lower socioeconomic status than the Jewish majority: They have lower levels of human capital, they hold peripheral and less unionized jobs, they are less likely to accumulate employment-related benefits (only about 17% of Arabs compared with 40% of Jews have a pension from work) (Gal and Pessach 2002), and they tend to retire from employment at an earlier age than Jews (Lewin-Epstein and Semyonov 1993; Sa'di and Lewin-Epstein 2001). Among Jews, immigrants to Israel differ by their country of origin and period of migration. The major distinction in terms of origin is between those who came from European countries, North and South America, and South Africa and those from Asia (mainly the Middle East) and North Africa. The first to arrive to Israel (prior to its establishment in 1948) were immigrants from European countries. In the course of a few years after Israel's independence (1948 to 1954) a massive wave of immigrants arrived from Central Europe and the Middle East. During the second half of the 1950s and early 1960s, immigration continued largely from North Africa and some European countries (e.g., Romania). Between the mid-1960s and 1989, immigration to Israel was slight, consisting mainly of Jews from North and South America and the Soviet Union. The demise of the Communist regime in 1989 led to a large wave of migration (more than a million immigrants within a decade) to Israel, a nation that consisted at the time of about 5 million inhabitants (Goldscheider 1996).

Although these waves of migration had similar age compositions, migrants of different waves differed substantially in their socioeconomic attributes. Immigrants from North Africa had the lowest level of education and those of European origin had the highest. In general, ethnicity in Israel is associated with income inequality, with Jews of European origin having higher income levels and better opportunities in the labor market than Jews of Asian and African origin (Cohen and Haberfeld 1998).

In the current study, we compared the effects of ethnicity and the timing of immigration on several indicators of economic status in old age in Israel. We also examined the extent to which state support in old age compensated members of various social groups for their accumulated disadvantages over the life course. We posited that historical processes, such as the particular timing of immigration to Israel, and individual attributes such as differences in skill and opportunity, as well as discriminatory practices in the labor market, would all have long-term

effects that would carry over into old age. Members of vulnerable groups, such as Israeli Arabs, women, immigrants of African and Asian origin, and recent elderly immigrants from the former Soviet Union, would have had limited opportunities to accumulate wealth, savings, and, in particular, pensions from work. They, more than members of more dominant groups, would therefore be more likely to be dependent on state support and be numbered among the poor when they aged.

We examined the long-term implications of immigration on the economic well-being of the elderly by focusing on the implications of age at migration,³ ethnic origin, and accumulated work experience in the host country. More specifically, we expected that age at migration would have a long-term effect on the well-being of the elderly: The younger the age at arrival, the better off the economic status at old age. We expected that those with continuous market involvement would enjoy better pension plans than those with interrupted work histories. We also expected to find ethnic differences in economic well-being at old age because of the different assimilation processes experienced by immigrants at different periods and from different countries of origin. Specifically, we expected those of European origin to be better off at old age than Jews of Asian and African origin (see also Zipkin and Morgenstein 1989) because advantages accumulated during employment would presumably continue into old age.

We maintained that state support may compensate some vulnerable groups for their disadvantage, and we asked whether this compensation was distributed equally among different social groups. Studies have documented inconsistencies and discrimination within the Israeli universal welfare state and have found that the state discriminates against Arabs and favors Jewish immigrants (Lewin and Stier 2002; Rozenhek 1999). Therefore, we expected Arabs to have a lower level of economic well-being than Jews at old age, and we anticipated that state support would improve the economic status of immigrants and reduce the effect of the timing of migration on their economic well-being.

Data and Variables

The study reported here used data from a nationally representative survey of the elderly population in Israel, conducted by the Central

Bureau of Statistics in 1997 titled "The Survey of Persons 60 and Over in Households, 1997." The survey was based on a stratified sample of 3,750 households in which at least one person was aged 60-plus. The sample overrepresented recent immigrants, Arabs, and individuals aged 85 and older. The data set included an extended questionnaire for the older head of the household, and a short questionnaire for his/her spouse. A comprehensive questionnaire covered various facets of elderly life such as housing, incomes, occupational record, and retirement, as well as social and health characteristics. In addition, detailed information on pensions, employment and retirement, and state support was provided. The data were collected in intensive face-to-face interviews. We limited the sample to include main respondents (i.e., respondents who provided information on the extended questionnaire) aged 65 and older. This resulted in a total of 2,869 respondents.

We used the following four indicators of economic well-being. Comparison between them enabled us to identify different sources of economic well-being (e.g., market vs. state transfers) and to focus on the effect of immigration and state transfers on the economic status of the elderly.⁴

1. Income from market activity, measured as income from pensions and income from wages (for those still employed). This continuous variable indicated the level of market income and was the major source of variation in the economic well-being of the older population.
2. Income supplement, measured as a binary variable indicating whether either the respondent or spouse received income supplement. This variable measured poverty before state intervention because only the very poor were eligible for this income supplement.
3. Poverty income, measured as a binary variable, indicating whether the individual's (or couple's) total income (after transfers) was lower than the poverty threshold. We calculated separate poverty thresholds for single people and for couples because Israel's official poverty line is adjusted by family size. For single people, the official poverty threshold in 1997 was NIS (New Israel Shekel) 1,315⁵ per month and for couples, NIS 2,104 (National Insurance Institute 1998). Those with income lower than the poverty line were defined as having poverty income. This is a crude measure of poverty after state involvement,⁶ thus providing another indicator of differences in state support and economic well-being.

4. The dependency ratio, measured as the proportion of state allowances from total income. This variable took into account both sources of income (market and state) and indicated the extent to which the individual was dependent on state support.⁷ The dependency ratio would be high (and total income low) if the respondent's income was composed predominantly of transfers, even if these transfers raised the respondent just above the poverty line. Therefore, the continuous measure of dependency ratio was more sensitive than the binary measure of poverty income.

Findings

We set out to examine the extent to which our measures of economic well-being at old age varied by ethnicity and age at migration. We differentiated Israeli-born Jews and Arabs because of the differences in their market experience, socioeconomic status, and access to employment pensions. Among immigrants, we defined four groups by age on arrival, and a separate category for recent immigrants (arrived after 1989 from the former Soviet Union). We distinguished between recent immigrants and all others because, for this particular group (elderly recent immigrants), age at migration was confounded with recent immigration. Table 1 presents the four measures of economic well-being for men and women, by ethnicity and age at migration.⁸ Two main observations are of interest, one regarding the long-term effects of immigration and the other regarding the difference between native-born Jews and Arabs. First, in the Jewish group, market income was highest among the native-born, declined as age on arrival in Israel increased, and was lowest among recent immigrants. This was expected, given the relationship between age on arrival and number of years of work experience accumulated in the Israeli labor market. Furthermore, the sharp decline in market income for those arriving after age 24 implied that immigration, even at the early stages of working life, may lead to difficulties in securing stable employment and jobs with pension benefits.

Age at migration was also associated with levels of dependency and poverty. The percentage receiving income supplement and the dependency ratio rose substantially among immigrants arriving after age 44 (28% of the men and 46% of the women received income

TABLE 1
Measurements of Economic Well-Being in Old Age for Men and Women by Age on Arrival in Israel and Ethnicity

Description	Arabs	Israeli-Born Jews	Age on Arrival in Israel				Recent Immigrants
			Younger than Age 25	25 to 34	35 to 44	45-plus	
Men							
Market income	647.4 (1,730.3)	5,324.7 (5,850.7)	5,154.7 (8,756.4)	2,718.6 (2,773.1)	2,343.3 (2,871.0)	1,155.0 (1,765.3)	111.8 (480.4)
% Income supplement	7.3	5.8	5.8	9.6	13.8	28.4	81.1
Dependency rate	.81	.32	.37	.42	.46	.61	.95
% Poverty income	58.1	11.1	14.8	13.3	22.8	29.7	28.0
Total income (New Israeli Shekel)	2,366.8 (1,877.6)	7,802.6 (6,087.2)	7,387.4 (10,187.0)	4,799.2 (3,709.2)	3,970.6 (3,328.8)	3,286.8 (2,318.2)	3,067.4 (1,808.4)
Unweighted <i>N</i>	338	75	252	293	192	230	319
Women							
Market income	164.1 (794.5)	2,289.9 (2,493.8)	2,798.4 (8,597.2)	1,339.9 (2,113.8)	991.7 (2,311.5)	315.3 (755.4)	76.6 (520.2)
% Income supplement	7.2	18.9	11.3	17.0	23.4	.46	.91
Dependency rate	.91	.48	.51	.56	.64	.74	.97
% Poverty income	65.7	25.3	22.7	25.1	34.8	40.7	20.3
Total income	1,341.3 (978.0)	3,504.9 (2,627.6)	4,434.0 (8,516.0)	2,966.2 (2,955.6)	2,319.4 (2,558.6)	1,377.9 (1,345.3)	2,644.5 (1,753.8)
Unweighted <i>N</i>	192	52	133	251	171	159	338

NOTE: Means and percentages are weighted. Numbers in parentheses are standard deviations.

supplement and the dependency ratio was .61 for men and .74 for women). Recent immigrants, men and women alike, had the highest rate of dependence on the state. Almost all of their income came from state support, their market income was extremely low, and almost all of them received income supplement. Apparently, for many recent immigrants, state welfare transfers were the only means of subsistence. Clearly, state support improved the economic position of immigrants entering Israel later in life, yet this support was insufficient in itself to raise immigrants above the poverty line, and the level of poverty increased with age on arrival. An interesting exception is the case of recent immigrants, for whom state support reduced the poverty level considerably. Among men, poverty rates of recent immigrants were somewhat lower (28%) than the rates of those arriving after age 44 (30%), but among women, recent immigrants had far lower poverty rates (20%) than any other group in Israel. Finally, Israeli-born Arabs had the highest level of poverty, higher than all Jewish groups.

The market income and dependency ratio of Arabs was substantially lower than that of native-born Jews and Jewish immigrants, except for those arriving recently. Consequently, their level of dependence on the state was the highest. So was their level of poverty: More than half of Arab men (58%) and two-thirds of Arab women (66%) lived on an income below the poverty line, compared with 11% of native-born Jewish men and 25% of native-born Jewish women, and 28% to 29% of immigrants arriving older than age 44. The Arabs' vulnerable economic position could have resulted from several sources: few opportunities in the labor market, early age of retirement, low skills, and discrimination in both the economic and political arenas (Haberfeld and Cohen 1998; Lewin-Epstein and Semyonov 1993; Sa'di and Lewin-Epstein 2001). However, as the economic position of the elderly is not a direct result of market earnings but is mediated by state social policy, the elderly Arabs' disadvantaged position compared with immigrants arriving at an older age, and especially recent arrivals, may also reflect an uneven allocation of state resources. Arabs are perhaps not eligible for the same support available to recent immigrants (Lewin and Stier 2002). Indeed, while Arabs are poorer than any other elderly group in the Israeli society, they have a relatively low level of state support: Only 7% of them receive means-tested income supplement. Means-tested income support is granted only to those who have no other source of income than state support

(whereas the old-age allowance is universal and granted equally to all citizens, including Arabs and immigrants). Accordingly, most immigrants who are entirely dependent on the state are eligible for this grant, as demonstrated in Table 1. Among Arabs, as among most Jewish groups, only a small minority is eligible for income supplement. This finding suggests that although Arabs have low market income, on average, their total income is above the minimum required for eligibility for income supplement as most of them have participated in the labor force for many years. Another explanation could be that many Arabs do not qualify for income support because they own land. Owners of various kinds of property (e.g., land, an apartment other than their own, a car) are ineligible for income support as they are not defined as "needy."

In addition to the universal old-age allowance (to which all citizens are entitled, Arabs and Jews alike), some of the elderly in Israel receive special grants from various governmental agencies (e.g., the Defense Ministry provides allowances to parents who lost a child in military activity; the Absorption Ministry provides recent immigrants with special funds on arrival). Arabs are less likely than Jews to have access to these special funds, especially those available to immigrants arriving at an older age. In our survey, almost half of all recent elderly immigrants received some support, compared with only 3% of Arab men and less than 1% of Arab women (figures not shown). The rates are low also for most of the other Jewish groups. Thus, these findings suggest that although the old-age allowance in Israel is universal, special funds are available to selected groups in the population, especially recent immigrants.

To summarize, the figures presented in Table 1 reveal a long-term effect of the timing of migration on immigrants' ability to accumulate market income during their life course. The findings also demonstrate the role of political, social, and market forces determining the economic well-being of the elderly. To better understand the difference between Jews' and Arabs' economic well-being and the role of age at migration in accumulating economic resources, we examined the extent to which economic disadvantage among the elderly was related to labor market experience and the types of state support for which group members were eligible. Tables 2A and 2B show some labor force indicators of men and women, by nationality and age on arrival in Israel. The tables show the relationship between age on arrival and

labor force experience: The number of years of accumulated market experience declined gradually by age at immigration, with a steep fall for those arriving after age 44 (an average of five years of market work). Israeli-born Jewish men had accumulated the most market experience (44 years on average), Arab men had accumulated on average only 30 years of market experience, similar to the market experience of immigrants arriving after age 35. This reflects Arab men's unstable pattern of employment along the life course and their early retirement, and in part explains their low level of market income at old age. Women's labor force experience is much lower than men's but shows a similar pattern. Arab women and immigrant women arriving after age 44 had on average accumulated fewer (about 2) years of market experience in Israel than native-born Jewish women, who had accumulated an average of over 20 years of market experience.

In addition, we examined respondents' pattern of employment in their main job (the job held for the longest period) in Israel. Table 2A shows that most men worked full time in Israel, independent of their age on arrival, with the exception of those arriving after age 45, most of whom (64%) reported having only worked abroad. Many of these immigrants (of whom the majority arrived from the former Soviet Union) could not transfer the occupational benefits to which they might have been entitled in their country of origin to Israel and had not accumulated enough market experience in Israel to be eligible for high pensions. We addressed this issue in the next panel of the table. Fewer Arab men than Jewish men worked full time in their primary job (only 87% compared with 91% to 95% among most Jewish groups), while the percentage of never employed among elderly Arabs was higher than among Jews (9.5% compared with 0% to 2.8%). The pattern of employment differed for women (see Table 2B): the great majority of elderly Arab women had not participated in paid labor; only 10% of them had ever had a job, compared with 60% to 85% of elderly Jewish women. The low rate of employment among Arab women contributed to their low economic standing, as presented in Table 1. Among Jewish women (Israeli-born and those immigrating before age 45), the level of labor force participation was higher than among Arab women but substantially lower than among men. The rate of nonemployment was the lowest among those immigrating after age 44 (13%) and among Israeli-born women, of whom only 20% had never worked compared with 30% among those arriving younger than age 35, and 40% among

TABLE 2A
Employment Characteristics of the Elderly by Age on Arrival and Ethnicity, Men 65 and Older

<i>Description</i>	<i>Arabs</i>	<i>Israeli-Born Jews</i>	<i>Age on Arrival in Israel</i>				<i>Recent Immigrants</i>
			<i>Younger than Age 25</i>	<i>24 to 34</i>	<i>35 to 44</i>	<i>45-plus</i>	
Total mean years worked in Israel	30.1 (13.7)	44.1 (9.7)	39.5 (8.95)	36.4 (9.6)	29.3 (12.2)	9.9 (9.7)	.8 (3.2)
Work in main job							
% worked mainly full-time	87.2	95.4	91.0	94.8	91.2	49.0	7.3
% worked mainly part-time	2.6	1.8	6.8	4.9	5.8	9.1	9.9
% worked abroad only	.7	.0	.0	.3	3.0	40.9	82.6
% never worked	9.5	2.8	2.2	.0	.0	1.1	2.0
% received pension from own employment	20.5	59.2	66.2	67.2	60.9	33.4	.0
% received own or spouse's pension	19.7	65.6	67.4	67.6	62.0	35.4	.7
Unweighted <i>N</i>	338	75	252	293	192	230	319

NOTE: Numbers in parentheses are standard deviations. Means and percentages are weighted.

TABLE 2B
Employment Characteristics of the Elderly by Age on Arrival and Ethnicity, Women 65 and Older

<i>Description</i>	<i>Arabs</i>	<i>Israeli-Born Jews</i>	<i>Age on Arrival in Israel</i>				<i>Recent Immigrants</i>
			<i>Younger than Age 24</i>	<i>24 to 34</i>	<i>35 to 44</i>	<i>45-plus</i>	
Total mean years worked in Israel	2.5 (7.5)	21.6 (15.6)	19.8 (16.3)	15.9 (15.1)	11.1 (12.3)	4.1 (7.1)	.4 (.9)
Work in main job							
% worked mainly full-time	9.3	47.5	42.4	44.4	38.5	23.6	.7
% worked mainly part-time	1.4	32.2	25.0	18.1	13.9	10.2	8.5
% worked abroad only	.0	.0	1.5	6.0	7.6	41.1	84.9
% never worked	89.3	20.4	31.1	31.4	40.1	25.1	5.9
% received pension from own employment	2.1	41.6	30.6	26.3	24.0	14.5	.0
% received own or spouse's pension	7.0	72.7	57.6	52.7	38.5	19.6	.2
Unweighted <i>N</i>	192	52	133	251	171	159	338

NOTE: Numbers in parentheses are standard deviations. Means and percentages are weighted.

those arriving between ages 35 and 44. Among Israeli-born women, the rate of part-time employment was the highest (32%). This rate declined gradually with older age of immigration. Again, among those arriving after age 44, the majority (almost 70%) had worked abroad.

These findings reveal the low level of market benefits that Arabs accrued throughout their working lives. Although most Arab men had participated in the labor force for many years, only a minority (fewer than 20%) received employment pensions, compared with 59% to 67% of Jewish men. The only exception was the group of Jewish immigrants arriving after age 44, of whom only 16% received a pension from employment. The low rate of occupational pensions among Arab men suggests that they were employed in occupations and industries that did not provide old-age benefits. According to the occupational distribution of elderly Arabs (not shown), a relatively large proportion were employed (or were self-employed) in agriculture (17%) and unskilled (28%) jobs, in which employment benefits are rare. Few Jews worked in these occupations: On average, fewer than 5% were employed in agriculture and fewer than 10% had unskilled jobs. Immigrants arriving at older age, however, were more likely to be employed as unskilled workers than younger immigrants (15% and 18% of those arriving after ages 34 and 44, respectively).

Arabs and Jews differed also in the type of pension they received. While most workers had a monthly payment, some received a one-time payment on retirement (this is considered an inferior arrangement: see Hartman and Hartman 1994). Among Arab men, 21.3% received a lump-sum pension, compared with 8% to 16% among the different Jewish groups, and an especially low rate (4%) among immigrants arriving in Israel late in life.

Women's pension level is substantially lower than that of men, but the general pattern persists. Since most Arab women did not work at paid employment, only 2% were eligible for some retirement benefits. Among Jews, access to pension decreased dramatically with age on arrival in Israel, with native-born Jewish women having the highest percentage receiving pensions (41.6%), compared with only 24% among those arriving at ages 34 to 44. Among immigrant women arriving in Israel after age 44, only 6% received a pension from employment. Overall, the findings suggest that both Arabs and immigrants arriving at an older age suffer severe economic disadvantages originating from their limited market pensions. If economic position in old

age was a direct reflection of market inequalities, the economic position of these two groups should be the same. In fact, state transfers mediate and transform the relationship between work history and poverty status, and may do so differently for Arabs and immigrants arriving at an older age.

The elderly differ in their years of market experience, their skills, and their country of origin. In the multivariate analyses reported next, we focused on the following two independent variables: age at migration (net of accumulated market experience in Israel) and ethnicity. Age at migration was highly correlated with accumulated work experience as those arriving at a later age were bound to have accumulated less work experience in Israel than those arriving at a younger age and the native-born. Still, we posited that age on arrival would also affect the opportunities immigrants had in the labor market and their ability to secure good jobs. Thus, we expected age at migration to affect the economic well-being at old age above and beyond the effect of work experience, so both were included in the analyses.⁹ Age on arrival in Israel was collapsed into the following four categories: born in Israel or arrived younger than age 25; arrived between ages 25 and 34; arrived between ages 35 and 44; arrived at age 45 or older (reference category). Our main hypothesis was that immigrants arriving at a younger age eventually would enjoy a better economic standing than those arriving later in life. This effect was expected mainly through its correlation with accumulated market experience. Nevertheless, our question was whether age at arrival affected economic well-being in old age above and beyond its correlation with market experience. Employment history in Israel was measured in years. Ethnicity was measured as a variable distinguishing five groups: (1) Arabs; (2) Jews of Asian origin; (3) Jews of North African origin; (4) Jews of European/American origin (the latter was the reference category); and (5) recent immigrants from former Soviet Union.¹⁰ Arabs were expected to have the lowest economic well-being, net of their market experience, because they faced severe market discrimination that affected their opportunity to find stable, full-time, highly paid employment, with pension benefits, and because they benefited less from the Israeli welfare system. Similarly, we expected Jews of Middle Eastern (i.e., Asian) and North African origin to have higher dependency and poverty rates and lower market income than Jews of European origin. Differences between the various Jewish ethnic groups were expected due

to their different periods of arrival in Israel and the particular assimilation processes they experienced, and because European Jews had higher incomes, on average, than other groups during their years of employment (Goldscheider 1996; Matras 1993). We expected the number of years of experience in the Israeli labor market to be positively related to market income and negatively related to the indicators of poverty and dependency. Additional independent variables in our models were as follows: living arrangements (binary variable indicating whether the respondent lived without a spouse¹¹); age (collapsed into four categories: 65 to 69 [reference category in regressions], 70 to 74, 75 to 79, 80-plus); education (measured in years); employment status at the time of the survey (1 = currently not employed, 0 = otherwise). We expected respondents living with a spouse to have a higher economic status than those living without a spouse. Education was expected to have a positive relationship with market income and a negative relationship with dependency and poverty, and those not in the labor force were expected to have lower market income and higher poverty and dependency ratios. For the two continuous dependent variables, dependency ratio and market income we used ordinary least squares (OLS) regression; for the dichotomous variables, poverty income and income supplement, we used logistic regression and calculated the (log) odds of having income below the poverty line or of having income supplement.

We conducted the analyses separately for men and women because men and women differed substantially in their market experience. Yet because old-age income may derive from both spouses' accumulated resources (e.g., a woman can inherit her husband's pension, and married couples receive a higher old-age allowance than single individuals), we expected that women's personal characteristics would exert less influence on their economic standing later in life than men's.

The results are presented in Tables 3A (for men) and 3B (for women). The effect of age at migration was significant and in the expected direction for three of the four indicators of economic well-being. As expected, market income was lower among those who immigrated at older ages. The main difference was between those who spent most of their adult lives in the Israeli labor market and all others, although arriving between the ages of 25 and 44 increased market income substantially, compared with those arriving after age 44. Age on arrival affected the likelihood of receiving income supplement,

TABLE 3A
Regression Coefficients Predicting Various Indicators
of Economic Well-Being in Old Age, Israeli Men 65 and Older^a

<i>Description</i>	<i>Market Income</i>	<i>Income Supplement</i>	<i>Dependency Rate</i>	<i>Poverty Income</i>
Lives without spouse	–543.7* (169.9)	.364* (.155)	.038* (.015)	–.289* (.135)
Age				
70 to 75	–144.4 (223.1)	–.587* (.220)	.017 (.020)	–.198 (.180)
75 to 80	–242.6 (246.7)	–.659* (.227)	.023 (.022)	–.076 (.189)
80-plus	–497.1 (260.9)	–.730* (.238)	.037 (.023)	.331 (.195)
Ethnicity				
Arab	–2,686.1* (313.1)	.075 (.367)	.370* (.028)	1.886* (.254)
Asia	–831.9* (265.8)	.245 (.252)	.056* (.024)	.600* (.212)
Africa	–605.3* (287.9)	.330 (.250)	.083* (.026)	.090 (.237)
Former USSR	–1,125.1* (304.1)	1.981* (.232)	.327* (.027)	–.105 (.222)
Education	432.2* (64.7)	–.068 (.059)	–.039* (.006)	–.096* (.050)
Not in labor force	–3,075.0* (271.9)	1.065* (.342)	.134* (.024)	1.015* (.303)
Employment in Israel				
Years worked in Israel	22.6* (8.0)	–.015 (.008)	–.002* (.001)	–.022 (.006)
Age of arrival				
Israeli-born/younger than 25	2,263.7* (392.8)	–1.639* (.387)	–.181* (.035)	–.256 (.307)
25 to 34	972.6* (361.9)	–1.063* (.329)	–.184* (.032)	–.364 (.283)
35 to 44	824.9* (355.3)	–.711* (.297)	–.161* (.032)	–.044 (.265)
Constant	99.2 (364.0)	–.050 (.309)	.732 (.032)	–.424 (.276)
R^2	.31	.30 ^b	.44	.16 ^b
<i>N</i>	1,607	1,616	1,606	1,616

NOTE: Numbers in parentheses are standard errors.

a. Models for dependency and market income are based on ordinary least squares regression; models for poverty and income supplement are based on logistic regression.

b. Cox R^2 .

* $p < .05$.

TABLE 3B
Regression Coefficients Predicting Various Indicators of Economic Well-Being in Old Age, Israeli Women 65 and Older^a

<i>Description</i>	<i>Market Income</i>	<i>Income Supplement</i>	<i>Dependency Rate</i>	<i>Poverty Income</i>
Lives without spouse	-1,113.1* (223.7)	.648* (.201)	.096* (.019)	-.463* (.157)
Age				
70 to 75	-424.9 (290.9)	-.136 (.262)	.034 (.025)	.259 (.210)
75 to 80	-352.3 (305.6)	-.537* (.272)	.047 (.026)	.338 (.219)
80-plus	-421.6 (309.6)	.033 (.269)	.051 (.027)	.501* (.219)
Ethnicity				
Arab	-1,410.9* (447.7)	-1.362* (.469)	.276* (.039)	1.492* (.315)
Asia	-476.6 (355.7)	.567* (.272)	.077* (.031)	.212 (.242)
Africa	-180.9 (382.9)	-.385 (.313)	.010 (.033)	.035 (.259)
Former USSR	-397.5 (348.1)	2.337* (.270)	.231* (.030)	-.716* (.230)
Education	170.4 (86.6)	-.136 (.074)	-.023* (.007)	-.209* (.060)
Not in labor force	-1,830.1* (529.8)	.014 (.496)	.177* (.046)	1.287* (.629)
Employment in Israel				
Years worked in Israel	29.7* (9.2)	-.020* (.008)	-.038* (.001)	-.032* (.007)
Age on arrival				
Israeli-born/ younger than 25	1,702.7* (421.2)	-1.650* (.333)	-.186* (.036)	-.450 (.280)
25 to 34	829.6* (362.9)	-1.337* (.267)	-.191* (.031)	-.624* (.242)
35 to 44	686.8 (382.5)	-1.066* (.271)	-.124* (.033)	-.361 (.251)
Constant	962.2 (468.8)	-.133 (.378)	.720 (.040)	.412 (.318)
R^2	.13	.38	.37	.18 ^b
N	1,167	1,170	1,167	1,170

NOTE: Numbers in parentheses are standard errors.

a. Models for dependency and market income are based on ordinary least squares regression; models for poverty and income supplement are based on logistic regression.

b. Cox R^2 .

* $p < .05$.

while the dependency ratio was similar for all groups, and higher only for those arriving after age 44 (the coefficients ranged between $-.161$ and $-.184$). Only the odds of having poverty income were not affected at all by age on arrival. The differences in the effects of age on arrival on the four economic indicators suggest that while age at migration was crucial in the accumulation of market resources (reflected also in income supplement and dependency ratio), the state provided immigrants with special allowances that raised them above the poverty line. Thus, net of employment history, age on arrival had no effect on the odds of being poor but did affect dependency on state support. In contrast to Arabs, whose market-generated disadvantage carries over into high poverty rates at old age, Israeli social policy attempts to compensate immigrants for market-generated inequalities accrued due to immigration. This compensating effect of the state can be seen clearly in the case of recent immigrants from the former Soviet Union. These immigrants had low market income, but they were more likely than any other ethnic group to collect income supplement ($b = 1.981$) (and other state funds as their dependency on state transfers was also higher than that of other Jewish groups). But they were as likely as the European group to be poor and were better off than Arabs and Jews of Asian origin. Nevertheless, note that although these funds raised immigrants above poverty level, they still lagged behind the veteran population in other indicators of economic well-being.

The models show that, above and beyond their labor force history, Arab men showed a significantly higher ratio of dependency ($b = .370$), lower market income, and higher (log) odds of having income below the poverty line ($b = 1.886$) than European Jews (the omitted category). They were, however, as likely as the latter to receive income supplement. In other words, controlling for years of market activity and education, Arabs, on average, had higher levels of poverty and dependency than Jews of European origin. This may reflect their limited opportunities in the labor market, the type of occupations they have and their work conditions, market discrimination, and the discriminatory practices of the Israeli welfare state.

In addition to our main variables of interest, the models showed the importance of education in improving the economic standing of the elderly. More education reduced dependency and poverty and increased market income, probably due to the relationship between education and market wages.

The models for women (presented in Table 3B) show similar results to those for men. Most variables, including market experience and age at immigration, affected the economic indicators in the same expected direction as for men, although in different magnitudes. For example, market experience affected the economic well-being of women more than that of men. This could be explained by the higher variation in work activity among women and indicates the importance of employment in improving their economic standing in old age. By contrast, age on arrival and ethnicity were less important in determining women's market income than men's because often women's market income at old age was affected by their spouses' employment and benefits. Other differences show that very old women were more likely to be poor, while age had no effect on the odds of poverty among men. Instead, age had an effect on men's likelihood to receive income supplement, so that older men were less likely to get the additional funds than younger men; but it had no effect on women. The (log) odds of Arab women receiving income support were lower ($b = -1.362$) than those of Jewish women of European origin, while the odds of women of Asian origin were higher. Among men, only recent immigrants had significantly higher odds of getting additional support than Jewish men of European origin (the omitted category).

Conclusions

This study has implications for theory and policy. The theoretical question of how the timing of migration through the life course affects economic well-being in old age was at the heart of the current study. Immigrants are often perceived as economic actors who migrate to better their life chances. Most studies on immigrants have, therefore, focused on their economic assimilation in the host country. Specifically, it is argued that the costs of immigration decline with time, as immigrants become familiar with local markets and cultural practices; so in a relatively short period, they achieve adequate market returns for their human capital resources. However, most of this research pertains to working-age immigrants; few studies have focused on elderly immigrants or have addressed the long-term consequences of immigration on the economic standing of the elderly. We maintain that while at any given point in their life course, immigrants may have held

a good market position, this does not necessarily imply that they are able to accumulate the same level of resources during their life as the native-born population.

In the current study, we focused on the effect of immigration on the accumulation of market and social income in old age. We argued that the following three factors affected the economic standing of elderly immigrants: the age at which immigration took place, their economic activity in the host country, and the social policies that compensate for lack of work-related benefits. The findings lent support to our main expectations. Immigrants arriving at a young age were not only able to accumulate sufficient labor force experience but also to secure the types of employment that granted high levels of benefits; thus, they were able to achieve economic independence in old age. The findings underscored the role of the state in compensating those who immigrated at older ages for their inability to accumulate market resources; social transfers, which appeared as their main (and often only) income, raised them above the poverty line.

Our findings have clear policy implications. While social policy in Israel is aimed at granting Jewish immigrants an acceptable standard of living, this is not the case regarding the native-born Arab population. Although they are Israeli citizens with equal rights, elderly Arabs are more likely than any other elderly group to live in poverty. Poverty rates are high among the Arab working-age population as well (National Insurance Institute 1998), and Israeli social policy is not effective in reducing their poverty level (Lewin and Stier 2002). These findings suggest that the disadvantages Arabs encounter throughout their work lives, especially their limited opportunities in the labor market, the discrimination they face, and their tendency to retire at an early age, are carried over to later stages of life. Our findings suggest that these disadvantages result mainly from the limited benefits they accrued as workers as many of the Arab elderly were employed or self-employed in agriculture and unskilled occupations and held jobs that did not provide adequate pension plans. These findings show that Israeli social policy for the elderly, consisting of the universal old-age allowance and means-tested income support, but no state pension policy, is not successful in compensating elderly Arabs for market-generated inequalities accumulated during working life and does not lift them out of poverty. Clearly, the universal old-age allowance is no substitute for mandating state pensions from work,

and although the means-tested income supplement is aimed at bringing households above the poverty line, it fails to do so.

The inquiry into the economic position of the elderly revealed inequalities accumulated throughout the life course, and the examination of welfare policy exposed unequal allocation of state support. Although at a given point during their working years, veteran immigrants may seem to have caught up with the native-born, they can never accumulate enough years of employment to maximize their pensions from work, so their disadvantage compared with the native-born reemerges after retirement. Conversely, Arabs tend to suffer market inequalities throughout their working years that carry over into old age, either because their employment did not ensure pensions or because they receive their pension as a lump sum rather than as a monthly payment. The study of welfare policy in Israel raises questions regarding the differential treatment of different groups in Israeli society. By granting special status to recent immigrants, government policy acknowledges that they are a needy group, dependent entirely on state support for subsistence, and defines them as deserving of support. Yet by ignoring the necessity of mandating some type of market pension, government policy dissociates itself from unprotected low-income workers and their needs and thus plays a crucial role in creating destitution among the elderly.

NOTES

1. Similarly, since 1996, housewives who never worked in paid employment, and thus never contributed to the National Insurance funds, have also been eligible for the old-age allowance.

2. The elderly in Israel are also legally entitled to various social and welfare services, including tax and price reductions and protective regulations regarding disability, housing, death, and inheritance. These rights are legally defined and are available to all citizens regardless of their length of residency in Israel or their labor force activity (Matras 1993).

3. Because of the close correlation between the period of migration and ethnicity in Israel, it was impossible to include both components in the analysis. We decided to exclude the period of migration from the analysis and concentrate on ethnicity and age at migration because these characteristics were more clearly related to economic outcomes at old age.

4. The magnitude of the correlation (not shown here) between the four indicators was moderate to weak (.2 to .5), suggesting that they measured different aspects of the economic well-being of the older population.

5. In 1997, the year of the survey, the exchange rate was approximately U.S.\$1 to New Israel Shekel 3.5.

6. Poverty status in Israel is defined on the basis of total household income. Since our survey provided information on individual's and spouse's income from all sources, the measure of poverty may be biased. However, it gives an indication of the ability of the person or couple to live independently above the poverty threshold.

7. Note that this variable was affected mainly by variation in market income because the major source of state support was universal and depended principally on household composition. However, as there was an additional means-tested element in welfare support at old age (income supplement), this variable was not a direct function of accumulated market resources.

8. Because men and women differed in their market experience, we conducted all analyses separately by gender.

9. At a preliminary stage of the analysis, we tested two alternative models: One excluded work experience and the other excluded age on migration to test for possible biases that may have arisen as a result of the high correlation between them. We concluded that while part of the effect of age on migration was mediated by work experience, it still had a significant independent effect above and beyond the effect of work experience. Other variables in the equation were not affected, so we decided to include both independent variables in our final models.

10. We treated recent immigrants as a separate group to not confound the effects of age at migration and work experience with ethnicity. All recent immigrants immigrated older than age 55, and only a small minority had participated in the Israeli labor market. We tested alternative models excluding the recent immigrants or including them among the European ethnic group. The major results remained basically unchanged.

11. "Without spouse" included widowed, single, and divorced. The great majority of elderly without spouse were widows, and due to the greater longevity of women than men, there were many more widows than widowers.

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