

“One Land, Many Promises: The Unequal Consequences of Childhood Location for Natives and Immigrants”

(joint with Tslil Aloni)

**Abstract:**

This paper studies the causal effects of childhood residential location on the adult income of native-born Israeli children and the children of immigrants from the former Soviet Union. The causal effects of childhood location contribute substantial variability to the adult earnings of Israeli children. While the place effects of both high-income immigrants and native-born children are strongly related, location effects for low-income immigrants are uncorrelated with location effects for low-income natives. Large, diverse cities are especially beneficial to immigrant children, while cities with high municipality welfare expenditure and crime rates tend to be detrimental to native children. Guided by these findings, we develop a policy targeting framework aiming to recommend the top locations in Israel and incorporating the constraint that the policymaker cannot make ethnicity-dependent location recommendations. Using empirical Bayes tools, we find that targeting policies based on pooled population-wide averages yield inferior outcomes for immigrants. Robust targeting strategies designed to perform well against the least favorable sorting patterns reveal a set of 5 cities that are likely to benefit children of both groups.