Sixty Years after the Magic Carpet Ride: The Long-Run Effect of the Early Childhood Environment on Social and Economic Outcomes

By

Eric D. Gould
The Hebrew University of Jerusalem, Shalem Center, CEPR, and IZA

Victor Lavy
The Hebrew University of Jerusalem, CEPR, AND NBER

M. Daniele Paserman
The Hebrew University of Jerusalem, CEPR, IZA, and NBER

Abstract

This paper estimates the effect of the childhood environment on a large array of social and economic outcomes lasting almost 60 years, for both the affected cohorts and for their children. To do this, we exploit a natural experiment provided by the 1949-1951 Magic Carpet operation, where over 50,000 Yemenite immigrants were airlifted to Israel. The Yemenites, who lacked any formal schooling or knowledge of a western-style culture or bureaucracy, believed that they were being "redeemed," and put their trust in the Israeli authorities to make decisions about where they should go and what they should do. As a result, they were scattered across the country in essentially a random manner. This quasi-random assignment produced a natural experiment whereby the environmental conditions of the immigrant children can be considered exogenous to their family background and parental decisions. We construct three summary measures of the childhood environment: 1) whether the home had running water, sanitation and electricity; 2) whether the locality of residence was in an urban environment with a good economic infrastructure; and 3) whether the locality of residence was a Yemenite enclave. We find that children who were placed in a good environment (a home with good sanitary conditions, in a city, and outside of an ethnic enclave) were more likely to achieve positive long-term outcomes. They were more likely to obtain higher education, marry at an older age, have fewer children, be more assimilated into Israeli society, be less religious, and have more worldly tastes in music and food. These effects are much more pronounced for women than for men. We find weaker and somewhat mixed effects on health and employment outcomes, and no effect on political views. We do find an effect on the next generation – children who lived in a better environment grew up to have children who achieved higher educational attainment.

Key Words: neighborhood effects, childhood environment

JEL Codes: J24

The Maurice Falk Institute for Economic Research in Israel
Jerusalem, March 2008 • Discussion Paper No. 08.03