Working Paper No. 341

ISRAELI ATTITUDES ABOUT INTER VIVOS TRANSFERS*

by
Seymour Spilerman
Center for the Study of Wealth and Inequality,
Columbia University

and

Yuval Elmelech
Bard College; the Levy Economics Institute; and the
Center for the Study of Wealth and Inequality,
Columbia University

November 2001

*This research was supported by grants from the Ford Foundation and the Brill-Scheuer Foundation. The authors would like to thank Lawrence DeCarlo for his helpful comments on an earlier draft. Initial work on the study was carried out when the first author was a visiting scholar at the Brookdale Institute, Jerusalem.

Introduction

With the accumulation of household wealth in western countries since the conclusion of World War II, there has been a growing interest in the transmission of financial assets across generations. This is a theme of some importance in stratification research because it taps a central mechanism in the replication of inequality. It is also a topic of interest in the family literature since the timing and volume of parental transfers is a potential source of strain in the relationship between generations.

The most common approach by sociologists to understand the replication of inequality involves an examination of the paths by which parental labor market attainment influences the income of offspring (Duncan 1968, Duncan, Featherman, and Duncan 1972). Yet, narrowly speaking, it is not an income stream that is transferred, though parental education and occupational position have a considerable, albeit indirect, impact on the earnings of children (Sewell and Hauser 1975, chap. 3; Jencks, et al. 1972, chap. 9). Rather, transfers are made from the stock of parental assets, in some mix of inter vivos gifts and bequests. Estimates of the importance of parental transfers suggest that it accounts for some 43% of current household wealth (Gale and Scholz 1994), though variant calculations range from 20% (Modigliani 1988) to 80% (Kotlikoff and Summers 1981, 1988).

Accompanying recent research into the features of the transmission process--the parental decision on how much to transfer during their lifetimes, the division among offspring when there are several children, and the extent of backward flow from children to elderly parents (see Spilerman 2000 for a review of this literature)--there has been a corresponding interest in the formation of attitudes on these matters, especially in regard to transfer "motives" and parental views of their responsibility for assisting adult children (e.g., Holtz-Eakin and Smeeding 1994; Ribar and Wilhelm 2001). Can transfer decisions be understood as altruistic expressions of concern for children or are parents purchasing services from their offspring? Are parents using gifts to instill a sense of guilt or obligation, hoping for repayment in later years (Stark 1995)? In the main, attempts to uncover parental motives have sought to infer them from observed transfer flows, examining the financial needs of recipient children and the services provided to parents, in the form of shopping, cleaning, and visitation (Cox 1987; Cox and Rank 1992, McGarry and Schoeni 1997).

In contrast, there has been little research that directly examines values and attitudes about intergenerational transfers, either from the point of view of parental motives, or from the perspective of parental feelings of obligation toward offspring (though see Ribar and Wilhelm 2001 for an exception). The values that are maintained on these matters can be an important determinant of the decision to transfer resources within parental lifetimes and of the volume and timing of the inter vivos transmissions. Yet, we know little about the distribution of these attitudes in the population--the extent to which they are aligned with class, ethnicity, and racial membership--or of how they are formed--whether molded by prior life experiences, by the perceived needs of adult children, by the availability of parental resources, or by deeper norms of community or filial obligation.

In this paper we examine attitudes in Israel about intergenerational assistance and investigate the impact of these attitudinal dispositions on transfer decisions by parents. It should be noted that views about parental obligations are probably not independent of a country's economic and social organization. In a country with an extensive program of public assistance for young adults, for example, there may be less need for private family transfers, and less of a sense of parental responsibility for providing support. Similarly, where young couples face severe liquidity constraints, or otherwise require substantial resources in order to begin a new household, parental feelings of obligation might be heightened. For the reasons summarized in the next section, Israel is a country in which the need for parental support is high and the level of parental involvement in the financial lives of young adults can be considerable.

The data for the study come from the 1994/95 Survey of Families in Israel, in which 1,607 respondents were interviewed on topics relating to work behavior, household income, wealth, assistance received from parents and given to children, and views about financial responsibilities between parents and children. The data cover the urban, Jewish population of the country; Israeli Arabs were excluded because the basis of social obligation in that community is more rooted in tradition and local village arrangements, and a different study design would have been required to probe these intergenerational linkages. Additionally, to be included in the survey, respondents had to be in their first marriage, with at least one spouse between the ages of 30 and 65, and at least one spouse having resided in Israel during the prior ten years.

ATTITUDES IN ISRAEL ABOUT INTERGENERATIONAL TRANSFERS

The cost of establishing a household in Israel is high, relative to average family income (Spilerman 2002). In large part, this is a consequence of the absence of rental housing in the country, compelling young couples to purchase an apartment early in their marital careers. Although the government seeks to facilitate housing purchases by providing young couples with subsidized mortgages, the amounts offered are insufficient for acquiring a home in one of the main cities, where young adults often prefer to reside and where the better jobs are located (Elmelech 1992). As a result, it is not unusual for young Israelis, contemplating marriage, to turn to their parents for assistance with an apartment purchase--as well as with the other expenses of beginning a household. Israeli parents, in turn, often accept this expense as a responsibility of parenthood.

Responses are reported in Table 1 to two questions from the survey that tap perceptions of the magnitude of the problem facing young couples and convey a sense of the views about parental responsibility to provide financial assistance. Question 1 is a scale item, assessing the difficulty of coping in Israel without financial support from parents. Fully 90% of respondents believe that this is very difficult, if not impossible. Question 2 inquires about the duration of a parent's financial responsibility. Some 57% of respondents believe that the obligation extends beyond a child's marriage year; indeed, until the time that assistance is no longer required. These responses provide the context for investigating parental attitudes about aid giving in several focused areas of potential need by adult children.

In the first section of the paper we examine the determinants of transfer attitudes with respect to four sorts of assistance that may be requested of parents: assistance with a home purchase, with schooling expenses, with the purchase of a car, and ongoing financial support in the years following marriage. The responses come from a question that inquired in a common manner about the above domain areas:

> " For each of the following items, do you think it is a parent's responsibility to finance the bulk of the expenditure?
> (a) Yes, even if it means that parents have to work longer hours or take an additional job.
> (b) Yes, but only if parents have the funds.
> (c) No, it is the child's responsibility to finance this expenditure."

Two of the questionnaire items refer to parental assistance with a home purchase--before and subsequent to marriage. To enhance reliability a single measure was created by summing the scores. Four items inquired about schooling--two about after school study while in high school (art, dance, etc.), and two about assistance with the cost of higher education. These items were summed to create a variable that taps attitudes about assistance with schooling. The car purchase measure is also based on two questions, referring to the parental obligation before and after marriage. Last, the ongoing assistance measure is based on two questions, relating to the period immediately following marriage and to the provision of aid in later years. Each of the constructed measures was coded so that a low value indicates "child's responsibility," and a high value signifies that the expense is a parental obligation. The distribution of responses on the four measures is reported in Table 2.

The responses indicate a broad acceptance of parental responsibility to assist with the acquisition of a home and with the costs of schooling, along with a lesser sense of obligation to provide aid for the purchase of an automobile or in an ongoing manner--note the greater proportion of responses in the high categories of the former items. The stronger expressions of parental obligation probably reflect the centrality in Israel of home ownership and educational attainment for living standards and family welfare.

One intent of the present study is to ascertain the etiology of attitude formation in regard to parental obligations in the four domain areas. How are the attitudes generated in the population? Do they derive from ethnic values and perhaps inform the disparity in living standards in Israel between Ashkenazim and Sephardim? To what extent are they conditioned by the experience of having received transfers from one's own parents? Are they influenced by a respondent's available resources and consequent ability to assist his or her children? We now consider an explanatory formulation of the process of attitude development.

The Analytic Strategy

Three sets of variables are introduced in a regression framework as potential determinants of the transfer attitudes: (i) terms that tap a respondent's receipt of parental aid in the early years of his/her marriage; (ii) terms that reflect a respondent's financial resources at the current time (1995), and (iii) dummy variables for ethnicity and time period of the marriage. The analytic approach is to first examine the impact on transfer attitudes from a respondent's own receipt of early assistance (exogenous variables in this formulation), then enter the variables for current resources. Ethnicity and year of marriage are introduced as controls--contextual terms that may affect transfer attitudes and are correlated with the variables of more central concern--though they are not without intrinsic interest themselves.

The appeal of this approach is that it permits the indirect effects of early transfer receipts to be measured, along with the possible direct effects on attitudes. For example, if parental assistance was provided at the time of the respondent's marriage--for the purchase of a home or to cover other start-up expenditures--this could influence a respondent's attitudes in two ways: (a) via a modeling process:[(1)] "I should help my children because I received parental aid," or (b) through the promotion of wealth accumulation by the respondent which, in turn, might predispose him/her to a more favorable view of assisting children. In the first instance, the addition of terms for current assets to the regression would have no effect on the coefficient for receipt of early transfers; in the second, we expect a lessening in the magnitude of the coefficient because it is the wealth level that is influencing attitudes.

Transfers received from parents in the early years of a respondent's marriage are measured by two variables: ongoing assistance in the first three years of marriage, and home ownership at time of marriage.[(2)] In the Israeli context early home ownership is highly dependent upon the availability of parental aid for this purpose (Spilerman 2002). We use early home ownership as a proxy for parental aid, in place of a direct measure, because of the complexity of the transfer process with respect to this form of assistance, which can involve outright gifts, loans under different terms, co-signer obligations, and the possibility of assistance with the down payment or with mortgage payments.

The financial resources of a household at the current time (1995) are measured by three variables: (a) objective standard of living--a composite variable constructed from a sum of Z-scores for: number of household items (refrigerator, washing machine, etc.), amount of vacation travel outside Israel, and the frequency of paid household help; (b) subjective standard of living--a scale item that requested a comparison with the "average" living standard in Israel; and (c) a count of number of children of the respondent. If the availability of resources influences a respondent's attitudes about intergenerational assistance, we would expect the first two variables to have a predisposing effect toward transfers, whereas number of children--a measure of demands on the resources--may have a negative impact because of the burden of accommodating the financial needs of multiple children.

Three additional substantive regressors were introduced: education and age of the respondent, and receipt of ongoing assistance by the respondent--not just in the period following marriage. The first two are established as determinants of values and attitudes in a variety of domain areas (e.g., Silver and Muller 1997; Kiecolt 1988). Since educational attainment would have been completed early in the life course, the schooling variable is entered together with the terms for early transfers--all refer to attitude formation by young adults. Respondent's age is viewed as a proxy for the effects of a variety of maturation events, unmeasured in the model, which lie behind many sorts of attitude shifts over the life course. Since it is current age that is relevant to the attitudinal dispositions, this variable is entered along with the contemporaneous living standards measures. The third regressor--receipt of ongoing assistance[(3)]--is also introduced with the living standard variables and provides a measure of the impact of long-term "modeling" experiences on attitude formation.

The final variables in the model are dummy terms for ethnicity and year of marriage. The rationale for the former is that there may exist distinctive ethnic views about parental responsibility, beyond those generated by ethnic differences in the values of the substantive regressors. Five ethnic terms were created, based, for convenience, on the geographic origin of the male householder: Israel, Western Europe, Eastern Europe, Africa, and Asia. To better reflect cultural background, Israel-born males were coded in terms of father's country of birth. With respect to year of marriage, this set of terms captures the economic climate in the country at the time the respondent had to contend with the expenses of establishing a household. Much like the receipt of early parental transfers, this cohort effect might predispose an individual to a particular view about supporting adult children.

DETERMINANTS OF THE TRANSFER ATTITUDES

Each of the four attitudinal constructs was regressed against the sets of explanatory variables described above. Because the dependent variables are ordinal, OLS estimates would be biased since the assignment of numerical values to the responses "yes," "yes, if" and "no" is arbitrary as long as the rank order of the categories is maintained. Instead, ordered logit regression was employed.

Assistance With a Home Purchase

Column (1) of Table 3 reports the impact of the background terms--ethnic affiliation, year of marriage, and educational attainment--along with the indicators of early receipt of parental assistance (owned home at marriage, received continuous assistance in the first three years of marriage). The last two have strong effects and suggest that a respondent who received early aid is more likely to be predisposed to the view that it is a parent's responsibility to assist children with a home purchase. Educational attainment has a similar import, possibly because of the effect of education on values (Silver and Muller 1997); though, perhaps, because educational attainment, like the receipt of early parental aid, improves a family's prospects for higher income, greater asset holdings, and a higher standard of living in later years.

These competing explanations are partially clarified by equation (2), in which terms have been introduced for current standard of living of the respondent and for the continued receipt of parental assistance. Two of the indices of current living standard are significant with the expected sign--positive for the objective measure, negative for number of children (which serves as a proxy for demands on the parental resources)--only the subjective term fails to reach significance. At the same time, the terms for receipt of early support are much reduced in magnitude from their values in column (1). Assistance received in the first three years of marriage is no longer significant and the coefficient of home ownership at marriage is smaller by some 20%. This suggest that much of the effect of early transfer receipts on the attitude, noted in equation (1), works through the impact of this aid on the living standard terms.

The fact that the educational attainment term also becomes insignificant in equation (2) is in line with this interpretation. Viewed as a determinant of attitude formation, its effect should not be attenuated by the introduction of measures for current living standard. But, if educational attainment is seen as influencing attitudes through its effect on income and living standards in later years, its impact would be muted by the introduction of the intervening variables--which is what we find.

Two other results from equation (2) deserve mention. First, there is evidence of a modeling effect from receipt of parental transfers. The regressor for home ownership at marriage remains significant, though reduced in magnitude. Moreover, the term for receipt of ongoing support is significant. Since these effects are net of current living standards, they suggest that the fact of having received transfers from parents influences one's attitudes toward helping offspring with a home purchase. Second, although there are no significant ethnic effects, there is a clear trend in the year of marriage terms to a lessening in feelings of responsibility for assisting children with a home purchase. Possibly this relates to the positive trend in economic development in Israel; possibly the attitude change reflects a shift in views toward greater individual responsibility. With the data at hand these alternative explanations cannot be distinguished.

Parental Support for Schooling, Ongoing Assistance, and a Car Purchase

Regression results for these attitudinal constructs are presented in Tables 4 -6. With respect to schooling and ongoing support, there is a considerable correspondence between the findings and those for assistance with a home purchase, but also some notable differences. In equations (1) of tables 4 and 5, there is, again, evidence that respondents who received an early transfer are more inclined to the view that parents should assist their children. However, with the introduction of the terms for contemporaneous living standard (equations 2)--a measure of the family's resource base that would be available for transfer--the effect is much reduced.

The modeling effects of parental transfers are somewhat different for the two attitudes, schooling and ongoing assistance. They are stronger for the latter (equation 2 of Table 5), with the terms for transfers received in the first three years of marriage and receipt of assistance subsequent to this time period both having significant effects. By comparison, in the case of the schooling regression, it is only the early home ownership term that is significant in the presence of the living standard variables (equation 2 of Table 4). The living standard variables, in turn, have a considerable impact on the two attitudes, in each case predisposing the economically better off respondents to a stronger feeling of parental responsibility.

The final measure, attitudes toward financing an automobile purchase, provides different results (Table 6). While there is some indication that educational attainment and the receipt of early support raises one's sense of responsibility to provide assistance (equation 1), the effects become insignificant in the presence of the living standard variables (equation 2). The term for number of children does remain significant, though barely so; in essence, this equation suggests a weak determination of the attitude by variables that tap a respondent's transfer experience or financial resources. It may well be the case that economically better off parents are more likely to assist with a car purchase, but it would appear that this aid does not come about from a more favorable view of the parental responsibility. Possibly, the weaker sense of obligation is due to the fact that automobile ownership in Israel is less crucial to family welfare than the other living standard items.

ATTITUDES AND BEHAVIOR

There remains a question of the impact of the attitudes on parental behavior. In particular, to what extent do favorable views about assisting children with the acquisition of particular items, or with providing ongoing support, translate into a greater likelihood of making inter vivos transfers?

This question cannot be addressed by simply regressing transfer behavior on measures of the expressed views of parents and their resources. The attitudinal information in the survey captures the views of respondents in 1995, whereas the questions about transfers inquire about assistance that was provided prior to that year. As a consequence there is the possibility of movement toward "cognitive consistency" (Festinger 1957) on the part of a respondent. Having made a transfer, a parent might adjust his/her views on the desirability of assistance in order to bring the attitudes into line with the behavior. Similarly, if a parent has refused a request for financial support, there might be an erosion in the expressed commitment to provide assistance.

The technical problem this creates is that the attitudes are no longer exogenous and their effects on parental transfers cannot be estimated by OLS regression. In this section we therefore consider a simultaneous equation model,

$$y_1=\beta_1 y_2+\gamma_1 ' X_1+\varepsilon_1 \quad (1)$$

$$y_2=\beta_2 y_1+\gamma_2 ' X_2+\varepsilon_2 \quad (2)$$

$$E(\varepsilon_1\varepsilon_2)=\sigma_{12}$$

where y_1 = assistance provided to children, y_2 = attitude about the parental obligation, X_1 and X_2 are vectors of explanatory variables and γ_1 and γ_2 are coefficient vectors. To provide consistent estimates of the coefficients the equations are estimated by two stage least squares (2SLS).

The first equation, for assistance provided, is specified in terms of the variables presumed to directly influence a transfer decision: expressed attitudes about the parental obligation, the living standard measures, and number of children of the respondent who are older than 25--the last an indicator of demands for parental resources. To secure model identification, we omit from this equation the terms for respondent's education and financial assistance received in the early years of his/her marriage. These variables are presumed to influence the transfer decision only indirectly, either through their contribution to current living standards or via their effect on the attitudinal variable, as described in the prior section.

The second equation, for attitudes about the parental obligation, is specified as a function of the provision of assistance and variables that would have directly influenced the attitude formation: respondent's education, aid received early in marriage from parents, ethnicity, year of marriage, and number of children. Omitted from the equation, for model identification reasons, are the living standard terms that would have influenced transfer attitudes indirectly, through their impact on the decision to provide aid.

Note that two different measures of number of children are employed. Number of children older than 25 is used in the first equation, for transfer behavior, as an indicator of the current demand for transfers since these children are likely to have established their own households. Total number of children, in comparison, appears in the attitudinal equation as a measure of potential demand for assistance. It is this long term exposure to significant expenses that is presumed to influence attitudes of parental responsibility.

The most important type of support that Israeli parents can provide is to assist with the purchase of an apartment. We therefore turn to an exploration of the relation between views of parental responsibility for assisting with this expense and the parental decision to participate in the purchase. For this investigation the sample is restricted to respondents with at least one adult child, since only these individuals are "at risk" to being asked to provide aid for an apartment purchase. This specification--limiting the analysis to respondents with one or more children older than 25--reduces the sample size[(4)] to N = 417.

In Table 7 results are reported for the 2SLS estimates. Column 1 presents the equation for provision of assistance; column 2 reports estimates for the attitudinal regression. In the first equation, not surprisingly, the provision of aid is strongly influenced by the living standard measures--economically better off parents are more likely to make transfers--and by number of children older than 25; the latter is significant because the transfer question asked about assistance to "at least one child," and a positive association with number of children would therefore be expected. Net of these variables, the significant attitudinal term indicates that a disposition to assist has an independent effect on the decision to provide support; this inclination is not a mere reflection of the availability of parental resources.

The equation for the attitudinal expression (column 2) is consistent with the earlier findings (Table 3). We again find support for a modeling effect, in that early home ownership (which proxies aid received by the respondent for this purpose) appears to encourage an attitude of parental obligation. Note that family size has the opposite effect. This result is particularly interesting because, according to equation 1, the number of adult offspring increases the likelihood of a transfer (to at least one child). However, the two findings are not inconsistent in that, while there is a greater likelihood of parental aid when there are several adult children, one's view of parental responsibility might be adversely affected by the realization that the current and future needs of several children can be considerable.

Finally, beyond this determination of the attitudinal variable, the lack of significance in equation (2) of the term for transfers provided by the respondent argues against a cognitive consistency thesis. Specifically, we do not find evidence for the view that parental feelings of obligation, at least with respect to a home purchase, are influenced by the knowledge that one has, in fact, provided such assistance to children in past years.

A More General Structural Model

Having singled out for consideration the provision of assistance for a home purchase and parental attitudes on this matter, we turn to a more general structural model of the determination of attitudes and transfers. Instead of considering each kind of assistance as a separate issue, with its own process of attitude determination, we estimate a model with an unobserved attitudinal construct--"parental responsibility for assisting children financially." Four indicators were used to identify the construct: the parental obligation to provide aid for (a) a home purchase, (b) education, (c) continuous assistance, and (d) the purchase of an automobile.

Similarly, since parents may assist children financially in a variety of ways and with different goals, we introduce a summary, unobserved construct--"financial assistance provided to adult children"--for which three indicators were constructed from the survey data: (a) number of types of help provided (for a car, schooling, ongoing support), (b) the transfer of at least $10,000 to children in the past 10 years, and (c) provision of assistance for a home purchase.

Using LISREL notation (Joreskog and Sorbom 1989) this model can be written as

$\underline{Y} = \underline{\Lambda}\,\underline{\eta} + \underline{\varepsilon}$ (3)

$\underline{\eta} = \underline{B}\underline{\eta} + \underline{\Gamma}\,\underline{X} + \underline{\zeta}$ (4)

where $\underline{Y}$ is a column vector of indicators of the latent variables $\underline{\eta}$, $\underline{\Lambda}$ is a matrix of factor loadings relating the indicators to the latent variables, $\underline{X}$ is a vector of the exogenous "causes" of $\underline{\eta}$, and $\underline{B}$ and $\underline{\Gamma}$ are matrices of structural parameters. The ε's and ζ's are error terms and are assumed to be mutually uncorrelated. The model structure, together with the parameter estimates, is reported in Figure 1.

Because the indicators of the endogenous variables are categorical, weighted least squares was used instead of maximum likelihood estimation. The fit of the model is quite good. Although the model chi-square (= 90.789) is significant at $p < .01$, the CFI and TLI measures are .939 and .928, respectively, and RMSEA = .054--all of which indicate a satisfactory fit to the data. The unobserved constructs are identified by setting the loadings of the home acquisition terms equal to one; the remaining factor loadings are all positive and significant, suggesting that each of the latent variables is well-defined by its set of indicators.

In sign and significance, the parameter estimates in the structural portion of the model are almost identical with the 2SLS coefficients in Table 7. This is not surprising. In the analyses reported in Tables 3 -6, in which the individual attitudes were examined separately, a considerable similarity in causal structure was noted for the different attitudes. This commonalty is reflected in the estimates of the current model.

We conclude that parental attitudes toward providing assistance, and the transfer decisions of parents, are best viewed as single constructs, at least in the Israeli context. It does not appear that there is much to be gained by analyzing the relationship between attitudes and behavior separately for the different kinds of transfers. Rather, the structure is effectively represented by one construct for a willingness to provide transfers (for whatever purpose) and a second representing a diffuse sense of parental responsibility.

The main findings from the model are that (a) the attitudinal disposition and the respondent's standard of living--a measure of resource level--each have a considerable impact on the transfer decision, and (b) the attitudinal disposition, itself, is not affected by the fact of having made a transfer in the past--note the insignificant coefficient from the latent transfer variable to the latent attitude (-.009). In short, the evidence is strong that attitudes influence behavior, even aside from the availability of resources for making a transfer, but there is no support for a cognitive consistency argument.

As to attitude formation, there is evidence that educational attainment and, to some extent, modeling behavior (receipt of parental assistance in the past) affect the dispositional variable. Support for the latter effect, however, is mixed--the early home ownership term is significant, suggesting a long term influence of this type of aid on transfer attitudes, but the variable for ongoing assistance in the early years of marriage is not significant. Nevertheless, since home acquisition is a central drama in the lives of young Israeli couples, it is quite possible that receipt of this sort of assistance has the dominant effect on attitude development.

CONCLUSIONS AND POLICY IMPLICATIONS

The importance of intergenerational transfers to the organization of society are threefold. First, private transfers of material resources play a critical role in the reproduction of inequality across generations. In Israel, the effect is heightened because of the absence of taxation on inter vivos gifts or bequests. Second, though not explored in the present paper, there is an evident interaction between the availability of public transfer programs and the provision of private family assistance. The usual assumption is that generous public programs crowd out private transfers (Cox 1987), but this view has recently been challenged by Kunemund and Rein (1999) and Attias-Donfut and Wolff (2000).

Third, since the bulk of transfers flow downward, from parents to children, critical decisions must be made by parents which carry a potential for generational conflict and can threaten family cohesion: how transfers are to be distributed over the life course of parents and how they are to be allocated when there are several children. In Israel, there are strong imperatives that influence the latter decision. Because army service consumes much of a child's time from the completion of high school until marriage, and because the costs of establishing a new household are considerable, there is a need for substantial assistance early in adult life and a consequent reliance upon the resources of parents. One relevant matter, addressed in Spilerman (2002), concerns the differential availability of parental resources, especially the ethnic disparity in household wealth. A second issue, explored in this paper, concerns the willingness of parents to provide substantial transfers at an early point in the life course.

In the first half of this study we examined attitude formation in terms of the background experiences of respondents. The amount of variation that can be explained with the objective background variables is limited, since we are attempting to account for a subtle psychological inclination. Nonetheless, we find evidence that receipt of parental assistance early in the marital career has a long-term effect on a respondent's disposition to provide financial support. We term this finding a "modeling effect." Net of this process, it is apparent that a higher standard of living--a proxy for household resource level--predisposes an individual to a more favorable view of assisting children. These findings replicate across domain areas, though they are stronger with respect to the more critical needs of a young couple--housing and education.

In the second part of the paper we addressed the implications of the parental attitudes: do they translate into transfer behavior? Restricting the sample to respondents with grown children and using different model formulations we obtain rather consistent results: parental attitudes have a strong direct effect on behavior and this finding is net of parental resources, which also influence transfer decisions. This result about the impact of attitudes carries implications for future transfer behavior by Israeli parents, since the marriage year terms suggest a decline in attitudinal support for assistance. This finding is most clear in regard to support with a home purchase (column 2 of Table 3), which is, however, a central item in the constellation of material needs of young couples in Israel.

A particularly interesting 'non-finding' relates to the insignificance of the ethnic terms in all the tables. There is much evidence of ethnic inequality in Israel in educational attainment, labor market characteristics, home ownership, and standard of living (Cohen 1998; Elmelech 1992, Cohen and Haberfeld 1998, Smooha and Kraus 1985; Semyonov, et al. 1996). However, ethnic origin appears to play no role in determining transfer attitudes. This suggests that, contrary to the persistence of ethnic differences in economic attainment and living standards, ethnic-based cultural divisions are small, at least with respect to the matter of parental attitudes of responsibility for the welfare of adult children.

REFERENCES

Attias-Donfut, C., and F. Wolff. 2000. "Complementarity Between Private and Public Transfers." In S. Arber and C. Attias-Donfut, eds. *The Myth of Generational Conflict* London: Routledge.

Cohen, Y. 1998. "Socioeconomic Gaps between Mizrahim and Ashkenazim, 1975–1995." *Israel Sociology* 1:1: 115–134.

Cohen, Y., and Y. Haberfeld. 1998. "Second Generation Jewish Immigrants in Israel: Have the Ethnic Gaps in Schooling and Earnings Declined?" *Ethnic and Racial Studies* 21: 507–528.

Cox, D. 1987. "Motives for Private Income Transfers." *Journal of Political Economy* 95: 508–546.

Cox, D., and M. R. Rank. 1992. "Inter Vivos Transfers and Intergenerational Exchange." *Review of Economics and Statistics* 74: 305–314.

Duncan, O. D. 1968. "Inheritance of Poverty or Inheritance of Race." In D. P. Moynihan, ed. *On Understanting Poverty* . New York: Basic Books.

Duncan, O. D, D. Featherman, and B. Duncan. 1972. *Socioeconomic Background and Achievement* . New York: Seminar Press.

Elmelech, Y. 1992. "Immigrants, Young Couples and Housing Policy in Israel, 1948–1992." Unpublished paper. Department of Sociology, Tel Aviv University.

Festinger, L. 1957. *A Theory of Cognitive Dissonance* . Evanston: Row Peterson.

Gale, W. G., and J. K. Scholz. 1994. "Intergenerational Transfers and the Accumulation of Wealth." *Journal of Economic Perspectives* 8: 145–160.

Holtz-Eakin, D., and T. M. Smeeding. 1994. "Income, Wealth, and Intergenerational Economic Relations of the Aged." In L. G. Martin and S. H. Preston, eds. *Demography of Aging* . Washington, D.C.: National Academy Press.

Jencks, C., M. Smith, H. Acland, M. J. Bane, D. Cohen, H. Gintis, B. Heyns, and S. Michelson. 1972. *Inequality* . New York: Basic Books.

Joreskog, K. G., and D. Sorbom. 1993. *Lisrel 8 User's Reference Guide* . Chicago: Scientific Software International.

Kiecolt, K. J. 1988. "Recent Developments in Attitudes and Social Structure." *Annual Review of Sociology* 14: 381− 403.

Kotlikoff, L. J., and L. H. Summers. 1981. "The Role of Intergenerational Transfers in Aggregate Capital Accumulation." *Journal of Political Economy* 89: 706–732.

———. 1988. "The Contribution of Intergenerational Transfers to Total Wealth: A Reply." In D. Kessler and A. Masson, eds. *Modelling the Accumulation and Distribution of Wealth* . Oxford: Clarendon Press.

Kunemund, H., and M. Rein. 1999. "There Is More to Receiving than Needing: Theoretical Aruguments and Empirical Explorations of Crowding in and Crowding Out." *Aging and Society* 19, part 1, 93–121.

McGarry, K., and R. Schoeni. 1997. "Transfer Behavior Within the Family: Results from the Asset and Health Dynamics Study." *Journal of Gerontology* 52B: 82–92.

Modigliani, F. 1988. "Measuring the Contribution of Intergenerational Transfers to Total Wealth." In D. Kessler and A. Masson, eds. *Modelling the Accumulation and Distribution of Wealth* . Oxford: Clarendon Press.

Ribar, D., and M. O. Wilhelm. 2001. "The Intergenerational Transmission of Exchange Attitudes: Evidence of Generalized Exchange from Three Generations of Mexican-Americans." Unpublished paper. Department of Economics, Indiana University.

Semyonov, M., N. Lewin-Epstein, and S. Spilerman. 1996. "The Material Possessions of Israeli Ethnic Groups." *European Sociological Review* 12:3: 389–302.

Sewell, W. H., and R. M. Hauser. 1975. *Education, Occupation, and Earnings* . New York: Academic Press.

Silver, C., and C. Muller. 1997. "Effects of Ascribed and Achieved Characteristics on Social Values in Japan and the United States." *Research in Stratification and Mobility* 15: 153–176.

Smooha, S., and V. Kraus. 1985. "Ethnicity as a Factor in Status Attainment in Israel." *Research in Social Stratification and Mobility* 4: 151–175.

Spilerman, S. 2000. "Wealth and Stratification Processes." *Annual Review of Sociology* 26: 497–524.

———. 2002. "Young Couples in Israel: the Impact of Parental Wealth on Early Living Standards." In M. Sherraden, ed. *Inclusion in Asset Building: Research and Policy* . (forthcoming).

Stark, O. 1995. *Altruism and Beyond* . Cambridge: Cambridge University Press.

TABLE 1. PARENTAL VALUES IN REGARD TO THE PROVISION OF FINANCIAL ASSISTANCE TO ADULT CHILDREN

		Percent
1. How important is it for parents in Israel to provide financial assistance to their children?		
a. Impossible to manage without parental assistance		24.5
b. Extremely difficult to manage without parental assistance		38.5
c. Very difficult without parental assistance		27.2
d. Not very difficult to manage without parental assistance		8.1
e. Easy to get by without parental assistance		1.7
	(N=1,606)	100.0
2. Until when, in your opinion, should parents provide financial support to their adult children?		
a. Until the child reaches age 18		2.7
b. Until the completion of military duty		5.6
c. Until the child leaves home		7.5
d. Until the completion of studies		7.9
e. Until the time of marriage		15.0
f. Until the adult child no longer requires financial support		56.7
g. Other, don't know		4.6
	(N=1,606)	100.0

TABLE 2. DISTRIBUTION OF EXPRESSIONS OF PARENTAL RESPONSIBILITY FOR ASSISTING ADULT CHILDREN[1] (HIGH VALUE = GREATER PARENTAL RESPONSIBILITY)

Percent[2]

	Low					High
	1	2	3	4	5	6
1. Assistance with a home purchase (N=1594)	3.1	14.4	46.5	23.6	12.4	
2. Assistance with Expenditures for Education (N=1599)	3.6	7.8	12.3	23.0	29.4	24.0
3. Provision of continuous support (N=1601)	24.2	13.7	46.2	6.4	9.5	
4. Assistance with the Purchase of a car (N=1598)	24.9	24.2	40.2	6.9	3.8	

1. Categories relabeled after addition of component items (see text) so that low = 1. In expression 2, the low category is the sum of four cells, each with a small N.

2. Row sum equals 100.

TABLE 3. DETERMINANTS OF ATTITUDINAL SUPPORT FOR PARENTAL ASSISTANCE WITH A HOME PURCHASE
(ORDERED LOGIT REGRESSION, STANDARD ERRORS IN PARENTHESES)

Variable	(1)		(2)	
Ethnicity:[1]				
Western Europe	.0847	(.2353)	.0090	(.2370)
Eastern Europe	.0655	(.2096)	-.0076	(.2120)
Africa	-.0432	(.2148)	.0323	(.2163)
Asia	-.1718	(.2172)	-.1211	(.2188)
Year of Marriage:[2]				
1960-69	-.4660**	(.1791)	-.3999	(.2055)
1970-78	-.5435**	(.1776)	-.7418**	(.2572)
1979-86	-.3623	(.1855)	-1.0092**	(.3519)
1984-94	-.4466*	(.1992)	-1.0932**	(.3926)
Early Transfers Received/Education:				
Continuous Assistance[3]	.3670**	(.1331)	.2404	(.1418)
Home Ownership at Marriage	.3294**	(.1044)	.2765**	(.1058)
Educational Attainment	.0530**	(.0177)	.0238	(.0191)
Current SOL/Related Measures:				
Age of Respondent			.0062	(.0107)
Ongoing Assistance Over the Years[4]			.1212*	(.0509)
Objective SOL			.1444*	(.0615)
Subjective SOL			-.0719	(.0860)
Number of Children			-.2760***	(.0606)
-2LL	3714		3682	
N	1401		1401	
*p<.05 **p<.01 ***p<.001				

1. Omitted term is for Israel origin.

2. Omitted term is for marriage before 1960.

3. Assistance received by respondent in first three years marriage.

4. Assistance received by respondent subsequent to first three years of marriage.

TABLE 4. DETERMINANTS OF ATTITUDINAL SUPPORT FOR PARENTAL ASSISTANCE WITH SCHOOLING EXPENSES
(ORDERED LOGIT REGRESSION, STANDARD ERRORS IN PARENTHESES)

Variable	(1)		(2)	
Ethnicity:[1]				
Western Europe	.0308	(.2221)	-.0073	(.2227)
Eastern Europe	.3334	(.1974)	.2824	(.1989)
Africa	.4031	(.2043)	.4570*	(.2057)
Asia	.0127	(.2042)	.0950	(.2056)
Year of Marriage:[2]				
1960-69	-.1911	(.1703)	-.0742	(.1936)
1970-78	-.0993	(.1709)	-.0216	(.2449)
1979-86	-.2364	(.1765)	-.2559	(.3327)
1984-94	-.2061	(.1883)	-.1582	(.3720)
Early Transfers Received/Education:				
Continuous Assistance[3]	.0596	(.1288)	.0262	(.1372)
Home Ownership at Marriage	.3057**	(.1005)	.2240*	(.1018)
Educational Attainment	.0456**	(.0169)	.0130	(.0181)
Current SOL/Related Measures:				
Age of Respondent			.0106	(.0102)
Ongoing Assistance Over the Years[4]			.0542	(.0490)
Objective SOL			.1529**	(.0589)
Subjective SOL			.2190**	(.0784)
Number of Children			-.1057	(.0578)
-2LL	4507		4477	
N	1401		1401	

*p<.05 **p<.01 ***p<.001

1. Omitted term is for Israel origin.

2. Omitted term is for marriage before 1960.

3. Assistance received by respondent in first three years marriage.

4. Assistance received by respondent subsequent to first three years of marriage.

TABLE 5. DETERMINANTS OF ATTITUDINAL SUPPORT FOR ON-GOING ASSISTANCE BY PARENTS (ORDERED LOGIT REGRESSION, STANDARD ERRORS IN PARENTHESES)

Variable	(1)		(2)	
Ethnicity:[1]				
Western Europe	-.2204	(.2335)	-.2350	(.2351)
Eastern Europe	.0097	(.2081)	.0270	(.2110)
Africa	.4068	(.2130)	.1215	(.2150)
Asia	-.4276*	(.2140)	-.3442	(.2162)
Year of Marriage:[2]				
1960-69	-.2051	(.1821)	-.2111	(.2073)
1970-78	-.0825	(.1808)	-.1156	(.2572)
1979-86	-.1231	(.1899)	-.1814	(.3489)
1984-94	-.3470	(.2041)	-.4128	(.3915)
Early Transfers Received/Education:				
Continuous Assistance[3]	.4911***	(.1343)	.3734**	(.1425)
Home Ownership at Marriage	.2080**	(.1039)	.1875	(.1055)
Educational Attainment	-.0011	(.0174)	-.0217	(.0187)
Current SOL/Related Measures:				
Age of Respondent			-.0031	(.0106)
Ongoing Assistance Over the Years[4]			.1258*	(.0518)
Objective SOL			.1281*	(.0608)
Subjective SOL			.0957	(.0800)
Number of Children			.0061	(.0585)
-2LL	3808		3791	
N	1401		1401	

*p<.05 **p<.01 ***p<.001

1. Omitted term is for Israel origin.

2. Omitted term is for marriage before 1960.

3. Assistance received by respondent in first three years marriage.

4. Assistance received by respondent subsequent to first three years of marriage.

TABLE 6. DETERMINANTS OF ATTITUDINAL SUPPORT FOR PARENTAL ASSISTANCE WITH A CAR PURCHASE
(ORDERED LOGIT REGRESSION, STANDARD ERRORS IN PARENTHESES)

Variable	(1)		(2)	
Ethnicity:[1]				
Western Europe	-.2275	(.2320)	-.2757	(.2327)
Eastern Europe	.0087	(.2047)	-.0375	(.2064)
Africa	.1110	(.2085)	.1616	(.2094)
Asia	-.0872	(.2105)	-.0409	(.2112)
Year of Marriage:[2]				
1960-69	-.2542	(.1817)	-.1816	(.2070)
1970-78	-.1869	(.1786)	-.2028	(.2564)
1979-86	-.0016	(.1860)	-.1944	(.3498)
1984-94	-.1679	(.2000)	-.3412	(.3898)
Early Transfers Received/Education:				
Continuous Assistance[3]	.2645*	(.1337)	.1977	(.1417)
Home Ownership at Marriage	.0472	(.1021)	-.0017	(.1035)
Educational Attainment	.0484*	(.0174)	.0275	(.0187)
Current SOL/Related Measures:				
Age of Respondent			.0062	(.0107)
Ongoing Assistance Over the Years[4]			.0824	(.0512)
Objective SOL			.1171	(.0604)
Subjective SOL			.0143	(.0786)
Number of Children			-.1207*	(.0601)
-2LL	3798		3786	
N	1401		1401	

*p<.05 **p<.01 ***p<.001

1. Omitted term is for Israel origin.

2. Omitted term is for marriage before 1960.

3. Assistance received by respondent in first three years marriage.

4. Assistance received by respondent subsequent to first three years of marriage.

TABLE 7. TWO STAGE LEAST SQUARES ESTIMATION OF PARENTAL ATTITUDE AND PROVISION OF ASSISTANCE FOR HOME PURCHASE1 (STANDARD ERRORS IN PARENTHESES)

Variable	(1) Assistance Provided[2]		(2) Parental Obligation To Assist	
Constant	-1.2584***	(.3689)	3.2657***	(.2874)
Parents Obligation	.4240***	(.0947)		
Assistance Provided			.2839	(.3133)
Number Children Older than 25	.1550**	(.0621)		
Objective SOL[3]	.0876**	(.0348)		
Subjective SOL[4]	.1199***	(.0411)		
Marriage after 1960	-.1537**	(.0609)	-.2184	(.1427)
Africa/Asia Ethnicity			.1117	(.1154)
Education			.0225	(.0164)
Continuous Assistance Early in Marriage			-.0901	(.1681)
Home Ownership at Marriage			.2824**	(.1003)
Number of Children of Respondent			-.1477***	(.0454)
R^2	.208		.108	
N	417		417	

*p<.05 **p<.01 ***p<.001

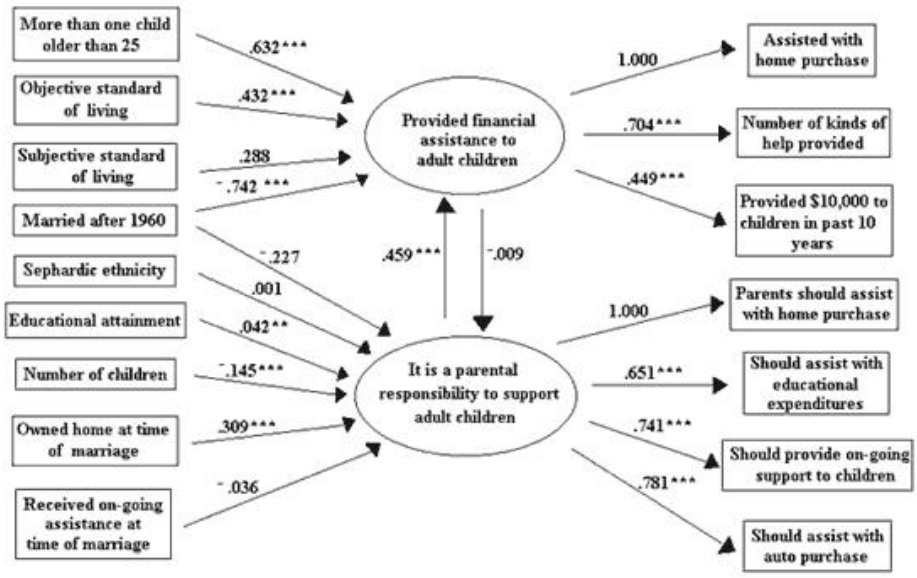
1. Sample restricted to respondents with at least one child older than 25.

2. Assistance provided with apartment purchase to at least one child.

3. Composite variable, constructed from sum of Z-scores for number of household items, amount of vacation travel, frequency of household help.

4. Scale item that requests respondent to compare own standard of living with that of the average Israeli family.

FIGURE 1. Structural Equation Model of The Determination of Attitudes and Behavior (Unstandardized Coefficients)



*p<.05 **p<.01 ***p<.001

1. Evidence for modeling behavior has been reported by Ribar and Wilhelm (2001) and by Stark (1995, p. 59). Different terminology is in use. Ribar and Wilhelm refer to "downward chain generalized exchange," Stark speaks of a "demonstration effect"--the impact of a childÕs observations of parental behavior on the childÕs later behavior.

2. Ongoing assistance is measured by the item: In the first three years of your marriage did you receive continuous assistance from either set of parents to help finance the living expenses of the household? Home ownership at marriage is measured by whether the respondent owned an apartment or home within three years of marriage, in recognition of the possibly delay in completing a purchase or building a home even if parental assistance is available.

3. Receipt of ongoing assistance is indexed by the proportion of years since marriage in which the respondent received at least $1,000 in parental support.

4. Because of the reduced sample size the ethnic terms have been collapsed into an Ashkenazi/Israeli category and a Sephardic category. The first is the omitted term. Similarly, the year-of-marriage terms have been collapsed into two categories--marriage before 1960 and after 1960. The first is the omitted term in the regressions.