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ABSTRACT

Economic and Social Perspectives of Immigrant Children in Germany*

Overall, children in Germany live in households with below average incomes; therefore social policies that address the vulnerable position of Germany's children are necessary. These policies should cover targeted financial transfers as well as improvements in day care provision for children. With respect to selected non-monetary as well as monetary indicators our empirical analyses show significant differences in current living conditions between native born German children and those born to immigrants of German descent and foreign origin persons. Education is a key indicator for future economic and social perspectives. In principle, there is no formal "discrimination" of immigrant children by the German school system. However, low educational attainment levels are still being transferred from one immigrant generation to the next. The net result is that children of immigrants are not able to close the educational gap between themselves and their native German counterparts. The probable long-term consequence will be a large number of poorly qualified persons in the work force, who are much more likely to face severe labor market problems and as such will be a problem for the German economy as a whole for many years to come.

JEL Classification: J13, I30, I21

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1 Introduction

Throughout the last decade the financial situation of children in Germany has been marked by increasing problems: in 1997 the proportion of children living in households receiving welfare payments was about twice as high as their respective share of the entire population. Households with children have lower than average incomes and poverty rates¹ have increased from about 10 percent to more than 15 percent over the period from the mid 1980s to 1996. The central aim of this paper is to compare the effects of this trend on native and non-native children.

Non-native children include children who do not have German citizenship and "ethnic Germans" who migrated from eastern European countries to Germany (*Aussiedler*). About one half of the immigrants who entered Germany since 1984 are ethnic Germans. Thus, any analysis which compares the living conditions of immigrant children to those of native born German children must take into account the heterogeneity of immigrants in Germany as well as their respective legal status.

In 1995, the share of foreign born persons in Germany was about 9% of the entire population²; in West Germany, where most of the immigrants live, the share of foreign born was about 12%. Because immigrants make up a significant share of the overall population and immigrant women have higher fertility rates than native women, children of non-natives are making up an increasing proportion of all children in Germany. Despite the continuing influx of immigrants to Germany, German society generally does not consider itself to be an "immigrant society" (cf. Heckmann 1999b).

Due to the German citizenship regulations, children born to non-nationals in Germany are considered "immigrant children" regardless of their respective place of birth (abroad or within Germany after their parents immigrated). In contrast to countries like the United States of America, where citizenship is granted to persons born within the country (*ius solis*), children born in Germany do not automatically receive German citizenship. They receive the nationality of their parents (the right of blood, *ius sanguinis*). This in turn leads to so-called "second" and even "third generation

¹ Measured as poverty head count rates based on a poverty threshold of 50 percent of median equivalent income.

² Immigrants who entered German territory (Federal Republic of Germany and German Democratic Republic) after 1949, the year the Federal Republic of Germany was founded.

immigrants”, the latter being children born to second generation immigrants, who – very often – still hold their original citizenship³.

There are two main groups of immigrants in Germany. The first is made up of migrant workers from Mediterranean countries who entered the country in the 1960s and early 1970s (the so-called *guestworkers*). The second group consists of immigrants from Eastern Europe who arrived after the fall of the Berlin wall in October 1989 who are often referred to as ”Ethnic Germans” (*Aussiedler*). Because of the specific German concept of ethnicity and citizenship it is worthwhile to make certain distinctions when speaking of immigrant children: Figure 1 shows our concept of ”immigration status” based on the combination of citizenship and country of birth of children and their parents.

Figure 1 Immigration Status in Germany

Citizenship (child or parents)	Place of Birth (child or parents)	
	in Germany	Abroad
German	(A) Native Born German	(B) German Immigrant (mainly <i>Aussiedler</i>)
Non-German	(C1) Native Born Foreigner ” <i>Second and Third Generation</i> ”	(C2) Foreign Born Foreigner (classic immigrant case)

In our analysis we pay special attention to differences in the situation of immigrant and foreign children as compared to those born to native born German parents. Mostly, we will differentiate three groups of children depending on their family roots:

- A: the mainstream of Native Born Germans
- B: German Immigrants (mainly *Aussiedler*)
- C1 + C2: Foreigners (Foreign Born and Native Born).

As measures of short term living conditions we analyze income position, poverty risk, and some selected indicators concerning household structure, employment, and the housing situation. In addition, we use language proficiency as well as some habitual indicators to shed more light on the process of cultural assimilation into German society. Finally, our major indicator for long run prospects for children is the current educational enrollment of teenagers, which is closely linked to their future development.

³ The federal government recently introduced some changes in the legislation concerning citizenship and naturalization. For the following empirical analyses these changes are not relevant, since they are based on data up until

2 Data

The micro data used for the following analysis comes from the German Socio-economic Panel Study (SOEP). This survey was started in 1984 in West Germany and was extended to the former German Democratic Republic (East Germany) in June 1990, shortly before unification (cf. Wagner et al 1993). Because most of the immigrants who entered Germany after the late 1980s settled down in newly created households which are not covered by the ongoing panel study a new sub-sample was introduced to the SOEP in 1994/95, titled the "immigrant sample"⁴ (cf. Burkhauser et al 1997).

For this paper we are exploiting data for the years 1995/96 for East and West Germany which includes the most recent immigrant population⁵. The following descriptive analyses focus on children in unified Germany, however the regression estimates concentrate on West Germany, where most of the children born to immigrants and foreigners reside.⁶

While all adult members of a given household are interviewed personally in the SOEP, information about children up to 16 years of age is gathered by questions asked from the main respondent who is usually the household head which restricts the data available to us on the youth population. The data we do have includes age, gender, and some more detailed information concerning enrollment in pre-school, school, or other educational settings. In addition, the SOEP does contain a lot of data on the household a given child resides in as well as its adult members.

Citizenship data in the SOEP is obtained from the "register file" of the panel study, which contains basic demographic information on each household member (i.e. for adults as well as for children). Eventual immigration related data (country of origin, year of immigration, etc.) is not known for children, but for interviewed adults only, since this data is collected in a special biography

1996.

⁴ As long as immigrants live in institutions (e.g., refugee camps) they are not part of the SOEP target population of private (non-institutionalized) households.

⁵ In order to get more stable results we pool information over two years. In our regression analyses we control for this by a time-dummy variable; however, we do not calculate robust standard errors. The number of observations for these analyses are 5,648 in West Germany and 2,122 in East Germany for 1995/96.

⁶ For extended analyses of selected indicators, also in comparison to the situation a decade ago in 1985/86, cf. Frick and Wagner (2000).

questionnaire. Due to the above mentioned differentiation of our sample, we need to know immigration related information for the parents, but not necessarily for the child.⁷

3 Methodological Aspects

Our empirical analysis begins with descriptive, mostly bivariate, information on the subpopulations of interest. In our second step we estimate regression models for income, poverty status, and school attendance controlling for a variety of influential factors in order to find out if there are any significant immigration or foreigner related differences in the short term living conditions and long term prospects of children in Germany.

In line with our previous description of nationality and legal status factors we will make use of different variables to identify the subgroups of interest.

- First, we use a simple dummy variable indicating if a child lives in an household with immigrants or if the child stems from immigrants as compared to the mainstream population of Native Born Germans.
- A second variable differentiates between Native Born Germans, German Immigrants and Foreigners. In the regression analyses we further differentiate immigrants and foreigners according to their state of assimilation. We compare children in households of „single” ethnicity (both parents are immigrants or foreigners) with children of „mixed” ethnicity, where at least one adult (mostly one parent) is native German (cf. Büchel and Frick 2000).
- A third variable distinguishes children of immigrants by the number of years since migration of the parents . Here we look at those who have lived in Germany for up to 5 years, 6 to 10 years, 11 to 20 years, more than 20 years, and finally those who were born in Germany, but still hold a foreign citizenship and as such belong to the immigrant population according to our definition (see figure 1 above). This differentiation is not only relevant as a measure of time spent in Germany, which is a proxy for chances to be better integrated into the host country’s society. The measure can also be used to check the position in the business cycle at the point of time when a person immigrated: we assume that there are long term benefits of entering the country during a

⁷ Based on some assumptions one also can define immigrant information for children: e.g. if a child is born after its mother immigrated to Germany, we assume the child to be native born. If the birth took place before the mother migrated, the child would be dealt with as an immigrant. Nevertheless, depending on the mother in this example being an immigrant and/or foreigner herself, the child would be sorted into the corresponding category ”German immigrant” or ”Foreigner”.

boom period, since this enhances the likelihood of success within the labor market. On the other hand, a person immigrating during a trough period might be more likely to experience long term unemployment.

- Finally, a variable differentiates our population of interest according to the country of origin. Here we look at those coming from Mediterranean EU-countries (mainly Italy, Spain, Portugal, and Greece), Mediterranean Non-EU-countries (Turkey and the former Yugoslavia), Eastern Europe (including former Soviet Union), Western industrialized countries (e.g. USA, Canada) and a rather heterogeneous rest category, which includes asylum seekers and refugees from other parts of the world.

Without a doubt, individual wellbeing depends on monetary as well as non-monetary factors.

However we are dealing mainly with disposable household income and poverty status as the major indicators of general wellbeing. We argue that this is justified because of the many connections, direct and indirect, that economic conditions have with well-being.

Household income is derived from annual income measures, which are calculated for the year prior to the interview. We calculate household income two ways: pre-government income and post-government income, which is our measure of disposable income.⁸

- Pre-government income is a measure of the previous years market income, which includes income from employment of any kind, private transfers, net returns on assets (income from interests, dividends or rent), and imputed rental value of owner occupied housing.
- Post-government income is pre-government income minus taxes and social security contributions, plus public transfers and pensions of all sources. Public transfers are the sum of all – mostly means tested – transfers received by all household members throughout the previous year.

In order to adjust income for differences in family or household size, we apply a straightforward equivalence scale, following Atkinson, Rainwater, and Smeeding (1995). We calculate an adjusted "equivalent income", Y_{eq} , by dividing disposable household income, Y_{disp} , by the adjusted household

⁸ These annual income measures are part of the Cross-National Equivalent Data File produced by Cornell University in Ithaca, NY and the DIW in Berlin, cf. Burkhauser, Butrica and Daly 1999. Using the official consumer price index (CPI) all incomes are measured in DM of 1991. Because there are some differences in the price level in East and West Germany we apply a purchasing power parity index to adjust East German incomes (which are in real terms higher than in nominal terms, cf. Krause 1995).

size, S^ε . For the following calculations we use $\varepsilon = 0.5$, which gives the square root of household size.

A very important indicator of well being is the poverty status of households and persons. We calculate the so-called headcount ratio, which is the percentage share of population with income below a certain poverty line. In order to show the threshold sensitivity of our results, we use two different poverty head count ratios. More specifically, we define poverty as the share of population with incomes either below 50% or 60 % of median income of the entire population⁹.

When differentiating the three subgroups of children in our analyses we make use of other socio-economic information. Our independent variables include parental age and educational status, household type, community size, housing situation, and unemployment experience of all employable household members. Without a doubt unemployment is a very important determinant of income and other living conditions. The SOEP data allows us to check for recent occurrence of unemployment in a child's household (for each adult household member we have this information based on the month of the interview as well as in the course of previous year). In order to provide more than a snapshot of the current employment situation, we construct an "unemployment index" at the household level. Based on monthly employment status information for the previous calendar year, this index calculates "months with unemployment" as a share of "potential months with employment" for all employable, adult members of a given household. The index is zero if a household is not affected by unemployment at all. It is 100 if all adult members were unemployed during the entire time under consideration. The index is not defined, if all adult members are retirees (e.g., not of employable age) or if they were not able to take up employment due to educational activities, pregnancy, etc.

The educational attainment of the parental population in our sample is very heterogeneous. Educational levels achieved in foreign countries are hard to compare with those of the German system. Thus, parental educational status in our analysis is based on the International Standard Classification of Education (ISCED), which provides a measure of the highest educational status achieved by a child's parents. Due to the problems associated with comparing educational degrees received within Germany with those from abroad (cf. e.g. Reitz et al. 1999), we decided to use a

⁹ The term "entire population" describes all persons living in Germany, thus not only children, but also including those aged 17 and over.

three tiered education variable: "without secondary education", "completed secondary education", and "some post-secondary education" instead of a continuous years of education variable.

For our analyses of long term prospects we use information on actual school enrollment in Germany, since all children observed in our survey are currently being educated within this system. We distinguish between the basic level of *Hauptschule* which ends after nine years of schooling, *Realschule* which goes up to tenth grade, and *Gymnasium* which is university preparation.

4 Empirical Results

Germany's population structure has been heavily influenced by immigrants because of their age composition and their – up to now – higher fertility rates. Table 1 details the composition of the resident population of persons up to 16 years of age in Germany in 1995/96. In re-unified Germany one out of five children in this age group is born outside of Germany or is a non-national; in West Germany this is the case even for one out of four children.

4.1 Short-term prospects

Table 2 displays some descriptive statistics for selected objective and subjective indicators. Because of the greater emphasis on traditional social values in communities of foreign origin persons, we find lone parents to be less likely among children of foreigners compared to both other groups. The situation in East Germany is somewhat different to that of West German natives: The overwhelming majority of children lives in families with 1 or 2 children, larger families are rather rare.

More than 50% of native German children lived in homes owned by their families during the mid 1990s. In contrast, less than 30% of children of German immigrants and foreigners live in owner-occupied housing. East German children are only slightly more likely than children of foreign-origin persons to live on their own property. Similarly West German children are –on average– much better off in terms of flat size and number of rooms per capita than any other group. Although the housing conditions for foreigners have been steadily improving, about 50% of the foreign population complains that their flat size is "too small" .

Unemployment is experienced more frequently in foreign origin and ethnic German immigrant households than in West German households with children. Foreign origin and German immigrant households are the least likely to be unaffected by unemployment (Index=0%). Foreign origin households are the most heavily impacted by unemployment. The share of children living in a household without unemployment is only two thirds and almost every tenth foreign origin child in this group lives in a household severely affected by unemployment.

The SOEP data provides a wide range of indicators describing the subjective wellbeing of respondents. We use selected information on *satisfaction* as well as indicators on *worries* about overall and individual economic development of parents in order to compare immigrants to the autochthonous population. Beyond that we look at some indicators explicitly targeted at immigrants and foreigners living in Germany.

“Not feeling at home in Germany” is an individual perception that is more pronounced among foreigners than among German immigrants (50% vs. 39%). However, the fact that approximately 40% of *ethnic* Germans do not feel at home in Germany is remarkable. Additionally, in both groups more than every second child lives in a household, where parents experience a feeling of being discriminated against because of origin. In contrast to children in households of immigrants and foreigners, those born to Native born Germans appear to live with parents who are more concerned about overall economic development (about 55%) than about personal economic development (23% for West Germans and not surprisingly 41% in East Germany). Among foreigners and German immigrants the share of those expressing these worries tends to be more equally distributed (35% among German immigrants, and 40 to 50% among foreigners).

Finally, we look at satisfaction of parents. Comparing statistics on present life satisfaction with expectation of satisfaction with life five years into the future, foreigners seem to be rather optimistic (6.6 vs. 7.3) in comparison with all other groups. On the other hand, parents of foreign origin children and those in East Germany are the least satisfied with their standard of living and their financial situation (measured as household income).

The overall sense one gets from income and poverty indicators (Table 3) is that German immigrant and foreign origin children tend to be significantly worse off than German natives in West Germany. Nevertheless we have to state that children in East Germany are very much like non-native children in West Germany. All of these findings are basically in line with the results on the

subjective indicators listed above. Although East German incomes are adjusted for purchasing power differences, they are lower than those of the West German mainstream population and they barely match the income of children born to German immigrants and foreigners in West Germany. Looking at the amount of public transfers received we find not only the highest absolute value for East German children, but this group also exhibits the highest dependency rate measured by public transfers as a percent of post-government income. On the other hand, children of foreigners tend to live in households receiving fewer public transfers in absolute terms.

Relative income positions based on post government income are below population average for *all* children (because households without children are generally better off than households with children). While the position of native German children and those born to foreign origin persons has been fairly stable since the mid 1980s (cf. Frick and Wagner, 2000), there has been a significant reduction in average family income for children of German immigrants. Due to the major influx of new migrants from Eastern Europe the incomes of German immigrant households dropped from 80% of the average down to less than 70%, which is in line with their higher dependency on public transfers in the mid 1990s.

Given the above mentioned differences in income levels, the poverty rates (based at a poverty threshold of 50% of median income) for native German children in West and East Germany as well as for German immigrant children are surprisingly similar at about 15%. On the other hand, children born to foreigners experience a much higher poverty rate of around 24%. Due to differences in the income distribution, raising the poverty line to 60% of median income yields major increases in the poverty rate for German immigrant children (29%) and foreigners (36%), however the increases are less significant for Native German children (21%).

Obviously, whether measured by monetary or non-monetary indicators, children born to German immigrants and foreign origin parents in West-Germany – on average – live under conditions which are less favorable than those for native German children. However, on theoretical and political grounds it is important to know if the difficulties experienced by immigrant children are due to the immigration status *per se* (for example via discrimination) or due to the social structure of the immigrant population itself, e.g. poor qualification level of immigrant parents¹⁰. For this purpose,

¹⁰ Based on SOEP data, Büchel, Frick and Voges (1997) show that in a bivariate comparison immigrants to Germany have a higher probability of social assistance take-up when comparing them to natives. However, when controlling for a variety of socio economic structure variables, this difference is clearly reduced.

we use multivariate regression models which simultaneously control for a set of independent variables. Dependent variables are equivalent post-government income and poverty status.

Table 4 displays the results of regression models on equivalent post government income.¹¹ We control for parental age, highest educational level of parents, regional information, community size and household or family type. In addition we introduce different indicators of immigration status and we also run a model including unemployment experience by all adult household members¹².

A dummy variable for the second calendar year of the two-year-period under consideration is introduced for control purposes as well. This time effect does not prove to be significant in any of the regression models on income. Thus, from a substantive point of view the pooling procedure is justified, but our levels of significance are likely to be overestimated, since most of the observations show up twice in the regression. Nevertheless, because most of the effects are highly significant this is not a problem.

Before checking explicitly for immigration specific effects, the list of control variables show the following, mostly expected results:

- All other things being equal, children living in the Midwest experience an income loss of about 12% relative to the reference group of children living in the Southern part of West Germany. The relative income loss for children living in the North is about 14%.
- There is no significant income difference according to community size.
- The younger the parents, the lower the income position of the family. If a child's parents are younger than 25 years, the child can expect to live in a household where the income is 80% less than in households where the parents are aged 46 and over.
- Children of lone parents live in households with incomes about 70% lower than children living with both parents and no other siblings.
- As expected, there is a positive and significant correlation between parental education and income. Children whose parents completed some post-secondary education live in households where the income averages 60% higher than children in the reference group whose parents did not complete secondary education.

¹¹ For methodological reasons, we actually use the natural logarithm of income.

¹² Due to potential endogeneity problems we do not include unemployment experience in all of our models. On the other hand, given the higher probability of immigrants to be struck by unemployment, it is of interest to see whether the coefficients for immigrants change once we introduce unemployment experience as well.

By simply controlling for immigrant status of any kind (Model I) we find a negative and significant coefficient which supports the hypothesis that the incomes of immigrants are negatively affected by discrimination. However these results may have arisen from non-observed effects of "ability".

Immigrant households make about 13 percent less income than other households (after controlling household structure effects using an equivalent scale and through the inclusion of dummy variables for household types!).

Differentiating immigration status according to single nationality and mixed nationality (i.e., one spouse is native German) in German immigrant and foreign origin households (Model II), shows that single nationality, foreign origin households experience significant income losses of about 36%. This is most likely a result of recent high unemployment rates among foreigners. On the other hand, there is a clear positive effect of "mixed" parental couples: This is true for both, children of German immigrants and those born to foreigners, although only the latter is statistically significant.

Breaking down immigrants by area of origin shows immigrants from Western countries differ significantly from all the other immigrants (Model III). The average income of Western immigrant families is well above that of native born Germans. The coefficients for all other groups of immigrants are negative, as expected. The most significant effects are the negative income deviations for families stemming from non EU, Mediterranean, worker-recruiting countries and for families from Eastern Europe (about 28% and 25%, respectively). The coefficient for children coming from "other" countries is also negative and significant due to the large number of asylum seekers and refugees in this group.

If a society is successfully integrating immigrants, their economic well-being should improve with duration of stay in the host country. We control for this by brackets of years since parents' migration (Model IV). As expected, children born to newly arrived immigrants (those who have lived in Germany less than five years) get by on a significantly lower income. There is no significant income differential between foreign origin children whose parents have lived in Germany for more than 20 years and those whose parents were born in Germany.

In order to analyze the impact of past economic success in the labor market, which most likely correlates to the living conditions of immigrants, we add information on unemployment experience (Model V). In terms of the adjusted R^2 , there is a clear improvement in the explanatory power of

this model from about 30% to almost 40%. As expected, there is a negative and highly statistically significant effect of increasing unemployment on disposable income. Moreover, this additional information does not really interfere with the results as they appear above. Except for variables that are correlated with unemployment experience, there is no principal change in our results. The only thing to note is that the magnitude of the coefficients for "parental education" and children whose parents most recently entered Germany is somewhat reduced without losing statistical significance.

Table 5 displays the results of logistic regressions on poverty status in 1995/96. For each model we show odds-ratios¹³ instead of coefficient estimates; a measure of statistical significance is given by the Wald-Statistics¹⁴. Basically, the results are in line with those of the regressions on income; nevertheless, since by definition the analysis of relative poverty concentrates on the lower tail of the income distribution, there are a few notable exceptions. Again, before looking at immigration specific effects, we check the list of control variables.

- All other things being equal, children living in the Midwest or North of West Germany have a higher risk of falling into poverty than those in the South.
- There does not seem to be any significant difference between children living in the countryside and those living in big cities.
- The younger the parents, the higher the poverty risk for the children.
- Children of single parents are about 7 times as likely to be poor than those living with both parents and no other siblings (reference group). In addition, the greater the number of siblings, the greater the poverty risk.
- Parental education is a very important and highly significant predictor of child poverty. In comparison with the reference group of children whose parents did not complete secondary education, children with highly educated parents (with some post-secondary education) have a poverty risk which is more than 80% lower.

According to the results of Model I, where we employ a single dummy for all non-native German households, children born to German immigrants and foreigners face a probability of being poor which is about 16% higher than children in the reference group of native born German households. Controlling for our indicator of assimilation in Model II, we find children with single nationality

¹³ These odds-ratios are much easier to interpret than the estimated coefficients. An odds-ratio value of 1.10 for a dummy-variable x indicates that a person with $x=1$ has a risk of being poor approximately 10% higher as the reference group, all other things being equal. Correspondingly, an odds-ratio value of 0.90 is to be interpreted as an approximately 10% lower poverty risk as compared to the risk in the reference group.

foreign parents to be mostly exposed to poverty. Children of "single nationality" German immigrants as well as those of "mixed" foreigners seem to have an even smaller risk of falling into poverty even than native born German children, after controlling for the above mentioned socio-economic structures. This result might be influenced by some preferential treatment of *Aussiedler* in the mid 1990s in terms of their eligibility for specific public transfers.

The results of Model III are in line with those of the OLS regressions on income: highest chances of being poor can be found among children stemming from European Non-EU countries (mostly Turkey and the former Yugoslavia) as well as from the category "other" which includes asylum seekers and refugees. On the other hand, children in households coming from EU-countries and other Western industrialized countries again appear to have been positively selected, having a poverty risk lower than that of native born German children.

Model IV differentiates children according to the number of years their parents already spent in Germany: not surprising, those who immigrated most recently (1990 through 1995) are in the worst position. On the other hand, children whose parents arrived in Germany 11 to 20 years ago (i.e. between the mid 1970s and the mid 1980s) are exposed to a significantly lower poverty risk which is only about 60 percent of that of native born children.

Finally, Model V controls for the impact of unemployment.¹⁵ As expected, we find a clear poverty boosting effect when unemployment in the household context is increased. Again, as was the case for the regressions on equivalent income, it is important to note that the addition of the unemployment effect does not change the overall covariate structure, rather it simply reduces their impact by a small fraction.

4.2 Long-term prospects

Especially for the long-run prospects of children parental education is very important. Not surprisingly the educational background of foreign born parents is by far worse than the one of German parents (Table 6). More than a third of foreign origin children live with parents who have less than a secondary education. On the other hand, as a result of there being an increasing share of

¹⁴ The square root of this statistic approximates the t-value.

¹⁵ The change in the model specific -2 log likelihood, and as such the model improvement, show that the Pseudo-R² increases from about 0.2 without unemployment variables to about 0.3 after these controls.

”second generation immigrants” among these foreign origin parents, the share of those with some post-secondary education is 29%. It is important to note the rather poor educational background of the recently arrived German immigrants. The parents of children in the group of German immigrants have an educational level which is only slightly better than the one of foreign immigrants: The share of parents with post-secondary education is smallest in this group. However, these quantitative results cannot give sufficient information on the quality and transferability of educational credentials received abroad (cf. Kreyenfeld and Konietzka 2001). As a result of the GDR educational system, East German children have the lowest share of low-educated parents. In line with our expectation, the educational level of immigrant parents – on average – improves with increasing duration of stay in Germany. Those who originate from Mediterranean worker-recruiting countries are least educated (regardless of whether or not they originate from EU countries), while – not surprisingly– highest educational credentials can be found among parents coming from western industrialized countries.

Beyond the formal educational background of parents, their “cultural capital” and especially their language proficiency seem to be important for the success of children in school and society. Table 6 also displays information about languages used at home and some other behavioral indicators. It is not surprising that only 38% of parents of foreign immigrant’s children speak predominantly German at home, while about one out of five foreign children lives in a household where the mother tongue is primarily used. However, given their German ancestry, it is rather surprising that only one half of the children born to German immigrants speak mainly German at home. However, these results mirror the remarkably high share of those “not feeling at home in Germany” (see table 2). On the other hand, the number of foreign origin persons with German citizenship speaking mostly their native language is very small. Breaking down the language proficiency by years since immigration shows a very strong effect: Among recent immigrants 39% stick to their mother tongue, and only one quarter predominantly speaks German at home. This share is about 40 to 45% among those who have lived in Germany for more than five years and 76% among children living in households of “second-generation” foreigners. Consequently, the share of those who are still using the language of their antecedents (together with German) is down to one quarter. In line with the results on the distribution of parental education, the breakdown by country of origin shows that the non-German-speaking fraction is the biggest in the group of parents coming from non-EU European countries, mainly Turkey.

The kind of food and music which is enjoyed at home as well as the language of newspapers which are read provide additional insight into the process of cultural assimilation. *Aussiedler* tend not to read newspapers and not to listen to music from their home countries, whereas one third still enjoys the home cuisine. This share is about the same in the group of foreigner's children.

Eating and preparing food as is common in the home country is a long-lasting behavior, which does not vary much by the years since immigration. Among all German immigrants' and foreign origin children, it is only the group of households with second-generation foreigners that have primarily German cooking habits: The share of those preparing food from their country of origin (whatever that is, given that they are born in Germany) is as low as 11%. Differentiating by country of origin, we again can state that the households of persons coming from Mediterranean countries (mostly so-called *guestworkers*) stick most to their traditional habits: more than 50% of all children within this group predominantly enjoy meals made as in their home country.

Although, there is no legal discrimination of German immigrant or foreign children in the educational system of Germany, this does not necessarily mean that there are not other obstacles to educational success for non-native children. Some of these difficulties might be related to the cultural differences mentioned above and particularly to language deficiencies. . Table 7 gives some insight in the educational enrollment of the subgroup of 13 to 16 year old children, who are most likely to be on their final school track. In other words, the school where they are educated at this age is most likely the type of school from which they will receive their final degree.¹⁶ The German school system tracks students at three major levels: "*Hauptschule*" is the lowest level with graduation after 9 years of school, "*Realschule*" ends after 10 years, and successfully finishing "*Gymnasium*" (after 13 years) provides a child with the opportunity to enter university (cf. Wagner et al. 1998). Pupils who successfully finish *Hauptschule* or *Realschule* usually will be looking for an apprenticeship to go on with vocational training. Without any doubt, on a tight apprenticeship-market the odds are against those with a *Hauptschule*-degree. Thus, it is most interesting to see which type of school a child is attending since this piece of information is a very good indicator for further development and future economic success.

Breaking down pupils by immigrant status, shows that only one out of five children born to foreigners attends *Gymnasium*, while a third of Natives (in West and East Germany) and a quarter

of children born to immigrants with German citizenship are attending this type of school. However, in comparison to the situation in the mid 1980s, there are clear signs of improvement when looking at the share of foreigners attending the lowest school level (*Hauptschule*). This share dropped from 57% to 39% in the mid 1990s (cf. Frick and Wagner 2000).

For a multivariate analysis of the determinants of school enrollment of 13 to 16 year old persons we control for the same covariates as in the regressions on income position and poverty status¹⁷. Table 8 shows the results of logistic regressions on the probability of "Attending *Gymnasium*" in 1995/96. Not surprisingly, we find a clearly reduced probability of attending this type of school among children with younger parents. On the other hand, children in metropolitan areas show a slightly higher tendency to be enrolled at the *Gymnasium* level. We also confirm the well-known fact that education levels between different generations of the same household are highly correlated. In comparison to the reference group which includes children whose parents did not complete secondary education, we find an increased likelihood of attending *Gymnasium* among those kids whose parents' highest educational level is post-secondary education (e.g., a university degree).

More important to our research question is the impact measured by immigration specific variables on school enrollment. At first glance it might be surprising that we do not find a significant effect for the simple immigration dummy (Model I). In other words, it does not seem to be immigration status *per se* that accounts for the descriptive differences in educational enrollment, but rather other socio-economic effects. Nevertheless, Model II exhibits a significantly higher probability of attending *Gymnasium* for children of "mixed" parental couples consisting of foreigners and native Germans. Accounting for the country of origin in Model III, children coming from western industrialized countries appear to be in the most advantageous position, in other words: children of native Germans are doing worse.

In contrast to the regression results on poverty risk (Table 5), we do not find a significant effect for children of most recent immigrants, though the direction of this impact is as expected negative. If integration is an ongoing process, one would expect that this situation would improve with duration of stay within the host country. In fact, –other things being equal– children whose parents have

¹⁶ Cf. Heckmann (1999a) for an analysis which focuses on successful school finishing as well as on initial labor market integration of young migrants in Germany.

¹⁷ Due to the reduced number of observations and the age restriction imposed for children we combined the dummy variables for parental age up to 35 years into one single category. Also the categories "Years since parents immigrated: >20 years" and "Native born foreigner" are added into one common dummy variable.

lived in Germany for 10 to twenty years have an even higher probability of attending *Gymnasium* than the reference group of native born German children.¹⁸

5 Conclusion and Outlook

Our comparative analyses are based on the different sub-samples of the German Socio-Economic Panel Study (SOEP). With respect to selected non-monetary as well as monetary indicators there are— despite Germany’s fairly effective transfer system— significant differences in living conditions between native born German children and those born to immigrants of German descent and foreign origin persons. Overall, we find that children in Germany live in households with below average incomes therefore social policies that address the vulnerable position of Germany’s children are necessary. These policies should cover targeted financial transfers as well as improvements in day care provision for children. Access to day care is particularly critical because not only does it make it easier for parents to hold a job, it also provides immigrant children with an educational head start.

There is no formal ”discrimination” of immigrant children by the German school system. However low educational attainment levels are still being transferred from one immigrant generation to the next. The net result is that children of immigrants are not able to close the educational gap between themselves and their native German counterparts. The probable long-term consequence will be a large number of poorly qualified persons in the work force, who are much more likely to face severe labor market problems and as such will be a problem for the German economy as a whole for many years to come. In other words, the German educational system, which includes pre-school, school and vocational training, needs to provide equal opportunities to all children regardless of their social background. If necessary, there should be additional incentives for children born to German immigrants and foreign origin persons to overcome language disadvantages.

Until recently, the German government did not view Germany as an immigration country, therefore policies designed to better improve the educational and economic integration of immigrants have received inadequate consideration. In addition, there is an ongoing discussion, both in and outside of academia, regarding the need for an *active* immigration policy which would recruit immigrants to fill Germany’s particular economic needs as well as maintain Germany’s strong tradition of

¹⁸ Adding unemployment experience in Model V somewhat improves the overall explanatory power of the

providing refuge from political persecution (cf. Zimmermann 1994, Herrmann 1999). Significant increases in immigration are necessary if Germany is to maintain its standard of living despite its rapidly graying population.

However, the Federal Government has recently made significant advances in the area of integration by facilitating the naturalization (*Einbürgerung*) of long-term aliens and allowing (temporary) dual citizenship for children born in Germany to foreigners. This can be seen as a first, and very important step towards easing immigrants into society by granting them access to all the legal privileges afforded to German citizens. However it should be noted that integration is a two way process and that “integration willingness” on behalf of the immigrants themselves, such as improvement in their knowledge of the German language, is necessary if they want to achieve economic parity with native Germans. Finally, if the immigrant integration process becomes smoother, Germany will be in a better position to welcome immigrants in the future.

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Table 1 Composition of Resident Children¹⁾ Population in Germany in 1995/96

	West Germany	Germany
Immigrant Status		
Native Born German	76.8	80.5
German Immigrant	6.1	5.6
Foreigner	17.1	13.9
Total	100.0	100.0

¹⁾ Up to 16 years of age.

Source: SOEP, authors' calculations.

Table 2 Objective and Subjective Indicators describing Living Conditions of Children in Germany by Immigrant Status, 1995/96

	West Germany				East Germany Total
	Native Born German	German Immigrant	Foreigner	Total	
Household Structure					
Lone Parent	9	10	4	9	9
Multi-Adult 1 child	28	22	23	26	34
Multi-Adult 2children	40	37	42	41	44
Multi-Adult 3+ children	23	32	31	25	13
Housing Situation					
Owner occupier (in %)	56	27	30	50	34
Number of Rooms					
• Rooms per capita	1.15	0.95	0.91	1.09	1.00
• Less than 1 room per capita (in %)	26	52	51	32	37
Housing Space					
• Square meters per capita	29	23	22	28	23
• Evaluated as being "too small"(in %) ¹⁾	28	28	48	32	38
Unemployment Experience in previous year²⁾					
No employable person	2	(1)	3	2	0
Index = 0% (no unemployment last year)	79	77	66	77	59
Index = 1-50%	17	14	22	18	32
Index = 50-100%	3	8	9	4	10
Subjective Measures of Well-Being (Parental Information)					
"Not feeling at home in Germany" (in %)	-	39	50	-	-
"Feeling of being discriminated against because of cultural origin" (in %)	-	52	55	-	-
Parents expressing being worried about ...					
Overall economic development (in %)	57	35	49	54	55
Individual economic development (in %)	23	35	40	26	41
Parental satisfaction with ...					
Life today ³⁾	7.0	7.4	6.6	6.9	6.5
Life five years from now ³⁾	7.2	7.4	7.3	7.2	6.6
Health ³⁾	7.0	7.3	7.3	7.1	7.0
Living standard ³⁾	7.1	7.7	6.3	7.0	6.3
Household income ³⁾	6.3	6.2	5.7	6.2	5.4

() Values in parentheses: n < 30. - ¹⁾ Evaluation by head of household. - ²⁾ Months in unemployment as a share of months with potential employment of all employable household members during the previous year. - ³⁾ Mean value measured on a 11-point scale from 0 (=not at all satisfied) to 10 (=completely satisfied).

Source: SOEP, authors' calculations.

Table 3 Income and Poverty Measures for Children in Germany
by Immigrant Status, 1995/96

	West Germany				East Germany Total
	Native Born German	German Immigrant	Foreigner	Total	
Pre-Government Income ¹⁾	35,715	25,081	27,986	33,741	26,979
Post-Government Income ¹⁾	28,825	21,747	23,500	27,480	23,862
Public-Transfers ¹⁾	1,973	3,213	2,443	2,129	3,648
Relative Equivalent Pre-Government Income Position (Total Population=100)	104.3	75.2	87.6	99.8	78.6
Relative Equivalent Post-Government Income Position (Total Population=100)	92.4	69.7	75.3	88.1	76.5
Poverty Head Count Ratio using a poverty line at ...					
• 50% of Median Post Government Income	15.2	13.7	23.9	16.6	15.4
• 60% of Median Post Government Income	21.4	28.6	36.2	24.4	23.9

¹⁾ In 1991 DM.

Source: SOEP, authors' calculations.

Table 4 OLS-Regression Results on Equivalent Income of Children
in West Germany, 1995/96 (t-values in parenthesis; n = 5648)

Label	Model I	Model II	Model III	Model IV	Model V
Region:	-.121	-.107	-.100	-.115	-.113
Midwest	(-7.000)	(-6.239)	(-5.824)	(-6.649)	(-7.011)
Region:	-.143	-.140	-.118	-.131	-.132
North	(-6.900)	(-6.767)	(-5.724)	(-6.299)	(-6.791)
Metropolitan	.019	.040	.038	.023	.042
Area	(.842)	(1.730)	(1.661)	(.991)	(1.930)
Parental Age	-.806	-.795	-.793	-.782	-.815
16-25	(-14.557)	(-14.535)	(-14.448)	(-14.138)	(-15.555)
26-35	-.323	-.324	-.318	-.292	-.329
36-45	(-13.925)	(-14.140)	(-13.838)	(-12.422)	(-14.863)
Parental Age	-.094	-.111	-.101	-.076	-.081
36-45	(-4.113)	(-4.930)	(-4.488)	(-3.335)	(-3.802)
Lone	-.679	-.691	-.683	-.680	-.526
Parent	(-22.256)	(-22.904)	(-22.522)	(-22.341)	(-18.100)
Multi-Adult-HH	-.093	-.090	-.088	-.092	-.104
with 2 children	(-4.814)	(-4.732)	(-4.620)	(-4.780)	(-5.764)
Multi-Adult-HH	-.110	-.128	-.136	-.116	-.130
with 3+ children	(-5.018)	(-5.897)	(-6.203)	(-5.329)	(-6.325)
Parents with	.282	.205	.250	.275	.189
Sec. Education	(12.086)	(8.654)	(10.508)	(11.817)	(8.532)
Parents with some	.630	.535	.579	.628	.493
Post-Sec. Education	(25.925)	(21.331)	(23.147)	(25.905)	(21.186)
Year	.023	.021	.022	.020	.014
1996	(1.585)	(1.443)	(1.505)	(1.367)	(1.015)
No employable	-	-	-	-	-1.303
household member	-	-	-	-	(-23.456)
Unemployment	-	-	-	-	-.140
Index 1-50 %	-	-	-	-	(-7.223)
Index 50-100 %	-	-	-	-	-.735
HH with Immigrants	-.135	-	-	-	(-19.496)
or Foreigners	(-7.089)	-	-	-	-
Both Parents are	-	-.100	-	-	-
German Immigrants	-	(-2.940)	-	-	-
German Immigrant	-	.120	-	-	-
and Native German	-	(1.460)	-	-	-
Both Parents are	-	-.359	-	-	-
Foreigners	-	(-13.673)	-	-	-
Foreigner and Native	-	.134	-	-	-
German	-	(4.141)	-	-	-
Origin: Medit.	-	-	-.023	-	-
EU-country	-	-	(-.459)	-	-
Non-EU country	-	-	(-8.811)	-	-
Origin: Eastern	-	-	-.246	-	-
Europe, Former SU	-	-	(-8.390)	-	-
Origin: Western	-	-	.289	-	-
industr. countries	-	-	(6.805)	-	-
Origin:	-	-	-.178	-	-
other	-	-	(-3.757)	-	-
Years since parents	-	-	-	-.351	-.238
immigrated: 0-5	-	-	-	(-9.285)	(-6.650)
immigrated: 6-10	-	-	-	-.139	-.060
immigrated: 11-20	-	-	-	(-4.291)	(-1.947)
immigrated: >20	-	-	-	-.202	-.205
Native born	-	-	-	.010	.002
Foreigner	-	-	-	(.350)	(.086)
(Constant)	10.057	10.138	10.083	10.038	10.211
	(303.006)	(303.427)	(299.992)	(301.613)	(317.825)
Adjusted R ²	.291	.309	.306	.298	.391

Source: SOEP, authors' calculations.

Table 5 Logistic Regression Results on Poverty Status of Children in West Germany, 1995/96 (Odds-ratios with Wald-Statistic in parenthesis; n = 5648)

Label	Model I	Model II	Model III	Model IV	Model V
Region:	1.324	1.366	1.339	1.329	1.416
Midwest	(9.378)	(11.253)	(9.843)	(9.452)	(11.224)
Region:	1.680	1.783	1.625	1.633	1.816
North	(25.620)	(30.766)	(21.948)	(22.383)	(27.485)
Metropolitan Area	.834	.769	.784	.818	.753
Area	(2.227)	(4.471)	(3.880)	(2.645)	(4.123)
Parental Age	9.653	9.906	9.513	9.368	14.230
16-25	(98.918)	(98.833)	(96.512)	(94.095)	(112.408)
Parental Age	2.374	2.412	2.336	2.200	3.841
26-35	(45.234)	(46.250)	(43.070)	(35.598)	(70.606)
Parental Age	1.164	1.254	1.159	1.081	1.310
36-45	(1.265)	(2.768)	(1.169)	(.321)	(2.628)
Lone Parent	7.381	7.740	7.391	7.823	5.643
Parent	(238.018)	(245.633)	(233.607)	(246.926)	(140.410)
Multi-Adult-HH	1.018	1.014	1.020	1.031	1.074
with 2 children	(.029)	(.016)	(.034)	(.078)	(.357)
Multi-Adult-HH	1.513	1.566	1.585	1.557	1.881
with 3+ children	(13.416)	(15.494)	(16.352)	(15.062)	(25.187)
Parents with Sec. Education	.372	.433	.388	.377	.443
Sec. Education	(108.302)	(72.201)	(91.988)	(102.307)	(55.972)
Parents with some Post-Sec. Education	.117	.140	.123	.115	.178
Post-Sec. Education	(300.355)	(235.250)	(269.849)	(300.412)	(160.533)
Year	.757	.763	.757	.779	.760
1996	(12.985)	(12.140)	(12.770)	(10.300)	(10.229)
No employable household member	-	-	-	-	211.767
household member	-	-	-	-	(111.650)
Unemployment Index 1-50 %	-	-	-	-	2.205
Index 1-50 %	-	-	-	-	(63.999)
Unemployment Index 50-100 %	-	-	-	-	29.765
Index 50-100 %	-	-	-	-	(345.815)
HH with Immigrants or Foreigners	1.163	-	-	-	-
or Foreigners	(2.688)	-	-	-	-
Both Parents are German Immigrants	-	.582	-	-	-
German Immigrants	-	(9.229)	-	-	-
German Immigrant and Native German	-	.365	-	-	-
and Native German	-	(2.242)	-	-	-
Both Parents are Foreigners	-	1.920	-	-	-
Foreigners	-	(34.113)	-	-	-
Foreigner and Native German	-	.497	-	-	-
German	-	(7.359)	-	-	-
Origin: Medit. EU-country	-	-	.578	-	-
EU-country	-	-	(4.361)	-	-
Origin: Medit. Non-EU country	-	-	1.517	-	-
Non-EU country	-	-	(9.520)	-	-
Origin: Eastern Europe, Former SU	-	-	1.079	-	-
Europe, Former SU	-	-	(.311)	-	-
Origin: Western industr. Countries	-	-	.083	-	-
industr. Countries	-	-	(10.921)	-	-
Origin: other	-	-	2.880	-	-
other	-	-	(26.870)	-	-
Years since parents Immigrated: 0-5	-	-	-	2.939	1.958
Immigrated: 0-5	-	-	-	(49.364)	(15.505)
Years since parents Immigrated: 6-10	-	-	-	.955	.635
Immigrated: 6-10	-	-	-	(.094)	(6.014)
Years since parents Immigrated: 11-20	-	-	-	.654	.600
Immigrated: 11-20	-	-	-	(4.543)	(5.710)
Years since parents Immigrated: >20	-	-	-	.924	.949
Immigrated: >20	-	-	-	(.246)	(.087)
Native born	-	-	-	.730	.813
Foreigner	-	-	-	(.518)	(.223)
Initial -2log: 5659.34					
Model Improvement	1166.23	1229.15	1232.78	1221.01	1906.02

Source: SOEP, authors' calculations.

Table 6: Selected Indicators describing Integration into German Society for Children in Germany, 1995/96

	Parental Education ¹⁾			Parental Behavior					
	Without secondary Education	Completed secondary Education	Post secondary Education	Language spoken at home		Predominantly reading Newspapers from home country	Predominantly listening to music from home country	Predominantly preparing food from home country	
				German	Language of home country				both
Native-born West German	10	49	42	-	-	-	-	-	-
German Immigrant	27	51	22	51	4	45	2	32	32
Foreigner	37	34	29	38	21	41	22	36	36
East Germany	2	53	45	-	-	-	-	-	-
Years since parents immigration:									
• 0-5 years	37	28	35	24	39	37	21	21	30
• 6-10 years	40	40	20	45	8	47	6	5	34
• 11-20 years	31	43	27	41	12	47	25	25	30
• 21+ years	32	36	32	44	18	38	21	23	46
• Native born foreigner	12	55	33	76	-	24	-	23	11
Area of Origin									
• Mediterranean EU-Country	59	25	16	26	21	53	26	23	51
• Mediterranean Non-EU Country	55	33	13	27	33	40	32	31	52
• Eastern Europe, Former SU	23	48	29	45	4	51	3	2	28
• Western Industrialized Country	5	36	59	75	2	23	10	12	2
• Other	28	33	39	41	25	34	5	10	23

¹⁾ Highest educational level achieved by parents.

Source: SOEP 1995/96, authors' calculations.

Table 7 Educational Enrollment of 13-16 year old Children in Germany in 1995/96 by Immigrant Status

	West Germany				East Germany Total
	Native Born German	German Immigrant	Foreigner	Total	
Type of School					
<i>Hauptschule</i>	27	29	39	29	7
<i>Realschule</i>	25	22	25	25	37
<i>Gymnasium</i>	32	26	19	29	37
Other ¹⁾	16	23	17	17	19
Total	100	100	100	100	100

¹⁾ This category includes *Waldorfschule*, *Gesamtschule*, special schools for the disabled, as well as vocational training.

Source: SOEP, authors' calculations.

Table 8 Logistic Regression Results on the Probability of "Attending Gymnasium" of 13 to 16 Years old Children in West Germany, 1995/96 (Odds-ratios with Wald-Statistic in parenthesis; n = 843)

Label	Model I	Model II	Model III	Model IV	Model V
Region:	1.290	1.377	1.341	1.306	1.329
Midwest	(1.679)	(2.560)	(2.164)	(1.804)	(2.027)
Region:	.725	.782	.756	.745	.766
North	(1.803)	(1.016)	(1.337)	(1.455)	(1.178)
Metropolitan Area	1.555	1.610	1.634	1.610	1.625
	(2.516)	(2.806)	(2.998)	(2.837)	(2.919)
Parental Age	.193	.179	.177	.211	.220
16-35	(17.021)	(18.245)	(17.893)	(15.106)	(14.135)
Parental Age	.610	.605	.615	.640	.637
36-45	(7.335)	(7.512)	(6.990)	(5.735)	(5.841)
Lone Parent	1.948	2.185	1.980	1.530	1.488
	(4.062)	(5.364)	(4.156)	(1.442)	(1.239)
Multi-Adult-HH with 2 children	.919	.953	.905	.944	.926
	(.170)	(.054)	(.236)	(.080)	(.140)
Multi-Adult-HH with 3+ children	1.061	1.032	.977	1.074	1.037
	(.053)	(.015)	(.007)	(.077)	(.019)
Parents with Sec. Education	4.120	3.440	3.558	3.975	3.780
	(16.220)	(11.192)	(11.804)	(14.966)	(13.616)
Parents with some Post-Sec. Education	17.526	14.635	15.210	16.861	15.228
	(64.910)	(51.409)	(53.637)	(61.224)	(54.350)
Year	.783	.817	.773	.740	.741
1996	(1.266)	(.846)	(1.353)	(1.814)	(1.777)
No employable household member	-	-	-	-	.758
					(.112)
Unemployment Index 1-50 %	-	-	-	-	.701
					(1.684)
Unemployment Index 50-100 %	-	-	-	-	.635
					(.594)
HH with Immigrants or Foreigners	1.073	-	-	-	-
	(.096)				
Both Parents are German Immigrants	-	.637	-	-	-
		(1.435)			
German Immigrant and Native German	-	2.960	-	-	-
		(2.295)			
Both Parents are Foreigners	-	.756	-	-	-
		(.545)			
Foreigner and Native German	-	2.053	-	-	-
		(2.986)			
Origin: Medit. EU-country	-	-	.739	-	-
			(.163)		
Origin: Medit. Non-EU country	-	-	.662	-	-
			(.730)		
Origin: Eastern Europe, Former SU	-	-	.837	-	-
			(.321)		
Origin: Western industr. countries	-	-	3.351	-	-
			(3.883)		
Origin: other	-	-	2.403	-	-
			(2.806)		
Years since parents immigrated: 0-5	-	-	-	.382	.390
				(2.565)	(2.410)
Years since parents immigrated: 6-10	-	-	-	.615	.630
				(.863)	(.769)
Years since parents immigrated: 11-20	-	-	-	3.678	3.640
				(7.211)	(6.952)
Years since parents immigrated: >20	-	-	-	1.049	1.056
				(.024)	(.030)
Initial -2log:1006.04 Model Improvement	177.01	184.40	184.94	188.75	191.02

Source: SOEP, authors' calculations.

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