Act Two:

As Flora helps Shaya with his English, he confesses his interest in other, more secular subjects than the scripture Asriel assumes is his only study. She produces her old Geometry textbook and, impressed with his interest and rapid understanding, confides that she has taken a liking to him. She agrees to be his sweetheart and hide his interest in 'forbidden' learning if he will consider studying medicine for her sake. He agrees, and the two form a pact of secrecy.

David comes home to Biele with the news that he is to be laid off. Since he will not allow her to work, he has decided that they will take in a boarder. Biele offers to return to work, but David tells her that he has just now encountered their old coworker, Heyman, and offered him a place to live with them.

On the street outside his house, Asriel receives a visit from Reb Tzalel, a peddler, who brings him news that Shaya has been absenting himself from the synagogue when he claims to be studying Torah. Shaya emerges, setting out for the day, and Asriel determines to follow him to find out where he's been spending his time.

Oblivious to Heyman's attraction to Biele, who behaves circumspectly toward their new boarder, David bids his wife goodbye for the day as he heads off to find work. Though she loves her husband deeply, Biele realizes that her unresolved feelings for Heyman—for whom she would never compromise her marriage—spell the end of their relationship. She sits down to write David a letter.

Having seen his future son-in-law enter a public library, Asriel returns home to confront Flora about the deception, declaring he will not allow her to marry Shaya. She insists otherwise and, when Shaya returns, the couple declare their intention to marry even without Asriel's blessing. Seeing their determination, Tamara pleads for them and Asriel relents, sending them off to the Rabbi to make arrangements. Resigned and disillusioned, Asriel resolves to see Flora and Shaya established, then to quit New York for the Holy Land, where he will live out his remaining years—if Tamara will accompany him as his wife. She assents.

David arrives home with news that he has found employment, only to find Biele's letter waiting for him. She returns as he is reading it, and they agree to separate.

Nathan and Goldy are wed in an elaborate but sparsely-attended ceremony. It is clear that their plan is doomed to failure, and when they find they cannot pay for the carriage they had hired to take them home from the reception, they walk together to their empty apartment. Taunted by street-toughs, they nevertheless affirm their love for each other, and find new confidence in their future together.