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Subject: Economic Inquiry - Decision on Manuscript ID ECIN-Jan-2024-0024
Date: February 1, 2024 at 10:08 AM
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JQ

01-Feb-2024

Dear Dr. Hadah:

I am writing with a decision about your manuscript # ECIN-Jan-2024-0024 entitled "The Impact of Hispanic Last Names and Identity on Labor Market Outcomes" which you submitted to Economic Inquiry.

I have read your paper on the effect of Hispanic last names and Hispanic self-identification on labor market outcomes. Research that improves our understanding of the sources of disparities in earnings and other outcomes across racial and ethnic groups is important and much needed. For this reason, I read your paper with great interest. Unfortunately, I am not convinced that your paper has overcome the endogeneity challenges associated with identifying these causal impacts. Therefore, I am sorry to inform you that we will not be able to publish your submission.

This paper estimates the effect of having a Hispanic last name as well as the effect of self-identifying as Hispanic on labor market outcomes. For both questions, the authors make use of a sample of children born to parents in inter-ethnic marriages and compare children born to Hispanic father-White mothers (HW) with children born to White father-Hispanic mothers (WH). The empirical strategy to identify the effect of having a Hispanic last name relies on the idea that HW children will typically have Hispanic last names given that they have Hispanic fathers whereas WH children will not. As the paper describes, if HW and WH children are similar in all dimensions other than their propensity to have a Hispanic last name, then comparing their outcomes helps identify the effect of perceived Hispanic ethnicity (through one's Hispanic last name) on one's earnings.

Although I like the idea behind this research design, in practice, Table 4 shows that all of the seven characteristics are statistically significantly different across the HW and WH households suggesting that the identification assumption is not plausible. We see that the coefficient changes drastically from column 1 to column 5 and there is no way to know how that coefficient would change further if you could control for further unobserved household characteristics. I would recommend trying to find a setting where you have balance on characteristics (maybe conditional on other X's) and can make a case that the identification assumption is satisfied. For the second research question, I similarly have concerns that individuals who choose to self-identify as Hispanic are non-randomly selected so we are not sure what drives the differences there. Though you discuss the required identification assumptions for Equation 1, the paper does not devote the same attention to the required identification assumption and potential endogeneity concerns for Equation 2.

Separately, I am concerned that the paper categorizes all parents born in the US as White. Many of these U.S. born parents, especially those in supposedly inter-ethnic marriages, might be ethnically Hispanic individuals who were born in the US. This means there is measurement error in both the HW and WH variables. In table 1, only 4% of children are Hispanic by virtue of having at least one parent of Hispanic heritage. This seems to be undercounting Hispanics substantially because the fraction of the population that was Hispanic was 16% in 2010. Lastly, as you revise the paper, it would be nice if you had some way of quantifying how the probability of having a Hispanic last name changes across the HW and WH households as an estimate of the first stage which will likely not be 100% due to measurement error and since not every family will necessarily decide to give the child the father's last name.

Thank you for considering us for the publication of your research. I hope the outcome of this specific submission will not discourage you from submitting future manuscripts.

Sincerely,
Dr. Javaeria Qureshi
Co-Editor, Economic Inquiry
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Referee(s)' Comments to Author:

