THE IMPACT OF HISPANIC LAST NAMES AND IDENTITY ON LABOR MARKET OUTCOMES

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ABSTRACT

In this paper, I compare the children of inter-ethnic marriages to study the impact of having a Hispanic last name. While males born to Hispanic father-White mothers earn less than those born to White father-Hispanic mothers, the gap could be completely explained by educational differences. I also study the effect of identifying as Hispanic on earnings. I find that men that identify as Hispanic earn significantly less than those that do not, even after controlling for educational differences.

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I. Introduction

There is a plethora of evidence of ethnic and racial discrimination in the labor market (Bayer and Charles, 2018; Charles and Guryan, 2008; Card and Krueger, 1992; Fryer Jr and Levitt, 2004; Rubinstein and Brenner, 2014; Bertrand and Mullainathan, 2004; Juhn et al., 1991). Hispanics constitute a large and growing portion of the population in the United States. As the number of Hispanics keeps growing in the labor force, identifying whether they face ethnic discrimination grows in importance. In this paper, I answer the following question. Does having a Hispanic last name affect labor market outcomes? What is the effect of identifying as Hispanic on earnings? Moreover, I aim to show that comparing Hispanic Whites to non-Hispanic Whites might create an artificially higher earnings gap since the two groups differ on many observable characteristics.

The US population is growing in diversity. The proportion of non-Whites has grown by more than 10 percentage points from 1995 to 2019 (see figure I) and the number of Hispanics has grown by 9 percentage points over the same period (see figure II). Native-born White Hispanic men earn 21% less than White men (Duncan and Trejo, 2018a). A substantial portion of the earnings gap, however, is due to educational differences between Hispanics and Whites (Duncan et al., 2006; Duncan and Trejo, 2018b). Therefore, understanding discrimination against Hispanics and their children is an important task. Discrimination against Hispanics has a couple of negative consequences. First, if Hispanics face a substantial labor market penalty for their ethnic identity, assimilation and integration could be hindered. Second, a large labor market penalty contributes to the growing wage gap between Whites and other minority groups. In this paper, I examine the role of having a Hispanic last name and identifying as Hispanic on labor market outcomes.

Identifying discrimination is difficult because of factors that affect labor market outcomes that are unobservable to economists—like innate ability. Also, I should be able to disentangle skills differentials between Hispanics and non-Hispanic Whites. To causally identify ethnic discrimination against Hispanics and its effects on labor market outcomes, a

researcher should compare two identical people that only differ in their last name. Since this approach is unfeasible, researchers took different approaches. Bertrand and Mullainathan (2004) and Fryer Jr and Levitt (2004) carried out audit studies to examine the effect of Black sounding names on employer discrimination. This approach, however, has its drawbacks. Audit studies only observe callbacks, not wages.

In this research, I will use a method developed by Rubinstein and Brenner (2014). I will compare children from intermarriages. More precisely, I will compare children of Hispanic fathers and White mothers (henceforth HW) to children of White fathers and Hispanic mothers (henceforth WH). This approach stems from the fact that marriages are not random. Couples match on several observable characteristics like income, schooling, socio-economic background, etc. (Averett et al., 2008; Averett and Korenman, 1996; Becker, 1973, 1974, 1993; Browning et al., 2006; Chiappori et al., 2012). Children of HW and WH marriages have more similar observable characteristics than children of homogeneous marriages— i.e. White fathers-White mothers and Hispanic fathers-Hispanic mothers. Moreover, children from a Hispanic father and White mother household will have a Hispanic last name from their fathers, allowing me to test for ethnic signals on log annual earnings.

Using the Current Population Survey (CPS) from 1994 to 2019 and the 1970-1990 US censuses, I will estimate the effect of having a Hispanic last name on the labor market outcomes. In other words, I will approximate the variation in labor market perception of ethnic signals, in this case having a Hispanic last name, on log annual earnings. I also study the effect of identifying as Hispanic on labor market outcomes.

To retrieve the effect of having a Hispanic last name, I compare the children of inter-ethnic marriages between Whites and Hispanics. I find that while males born to White father-Hispanic mother earn less than males born to Hispanic father-White mother, this gap is entirely explained by educational differences. Thus, I do not find a significant effect of having a Hispanic last name. Finally, I find that men identifying as Hispanic earn significantly less than those that do not, even when I control for ancestry and education.

There is a long list of economic papers that investigated taste-based discrimination, statistical discrimination, Black-White and female-male earnings gaps that date back to the seminal work of Becker (1957). Bayer and Charles (2018) investigated the narrowing, and then divergence, of the Black-White wage gap. Card and Krueger (1992) argued that the Black-White wage gap narrowed from 1960 to 1980 as a result of improvement in the quality of Black schools and Juhn et al. (1991) showed that skills play a big part in the Black-White wage gap. Moreover, Charles and Guryan (2008) provided evidence that 25% of the Black-White wage gap is due to prejudice. Black (1995) introduced a search model showing that with a taste for discrimination, minorities earn less than the majority group even when they are hired by an unprejudiced firm. While Altonji and Pierret (2001) found that firms do not statistically discriminate based on race and ethnicity. Little has been done, however, about discrimination against Hispanics. Which offers an opportunity to exploit the observable racial similarities between Hispanics and Whites.

This is not the first attempt to use names as signals for race and ethnicity (Fryer Jr and Levitt, 2004; Rubinstein and Brenner, 2014; Bertrand and Mullainathan, 2004). Fryer Jr and Levitt (2004) point out that names can be a predictor of a person's race. Specifically, they provide a rising pattern among Blacks in having different names than Whites. They did, however, find that having a Black name, after controlling for the home environment at birth, does not affect their labor market outcomes. Rubinstein and Brenner (2014) compared the children of mixed marriages between Sephardic and Ashkenazis in Israel. They found that workers with Sephardic last names earn substantially less than those with an Ashkenazi last name. Bertrand and Mullainathan (2004) conducted an audit study by sending employers identical resumes that differ in the ethnic and racial signal of a name (Black sounding name versus a White sounding one). They found that resumes with Black sounding names received substantially fewer callbacks than their White counterparts.

The rest of the paper is organized as follows. Section II provides an overview of the data and summary statistics of the sample I am using. Section III introduces a formal empirical

model. I go over the results in section IV. Finally, I offer a brief conclusion in section V.

II. Data

For this paper, I will use two data sets. The Integrated Public Use Microdata Series (IPUMS) Current Population Survey (CPS) Annual Social and Economic (ASEC) (Flood et al., 2020) and the 1970 to 1990 US censuses (Ruggles et al., 2020).

I use the CPS' rich data set to study the effect of having a Hispanic last name on a person's labor market outcomes. I take advantage of the fact that the CPS asks for the place of birth of parents, ethnicity and race. The data spans the period between 1994— the earliest sample to ask about parent's place of birth— to 2019. Moreover, since the CPS does not provide data on parents' characteristics, which is important to determine the family background, I use the census to construct synthetic parents. The census offers a bigger sample of potential parents. Similar to the CPS, the 1970 to 1990 censuses ask about the person's place of birth and the individual's race and ethnicity. I employ this information to construct "synthetic parents" using a method developed by Rubinstein and Brenner (2014).

I construct the synthetic parents by linking husbands and wives in the census data to each other. I assume that parents have children between the ages of 25 and 40. I then link these synthetic parents using the year they were surveyed to the year of birth of the "children" in the CPS sample.

II.A. Children of the four parents' types

I will use the CPS for my main analysis of the effect of having a Hispanic last name on earnings. I restrict my sample to Whites, United States-born citizens aged 25 to 40 and born between 1970 to 1990. Taking advantage of data on parent's place of birth, I divide the sample into four groups depending on their parent's ethnicity. Mothers or fathers are Hispanic if they were born in a Spanish speaking country and Puerto Rico, and White if

they were born in the United States.[1] Therefore, an observation can be the product of four types of parents:

1. White father and White mother (hereafter WW)
2. White father and Hispanic mother (hereafter WH)
3. Hispanic father and White mother (hereafter HW)
4. Hispanic father and Hispanic mother (hereafter HH).

The distribution of the four types of children is presented in figure IV. The majority of the sample, 95.14%, is WW children. The second biggest group is HH that constitutes 3.36% of the sample. Inter-ethnic children, WH and HW, make up 1.78% of the sample with 60,147 observations. Even though WH and HW are only 1.78% of the sample, I have plenty of observations to carry out an analysis. The summary statistics for the children of the four types of marriages are presented in table III. Children of WW marriages (column i) do better on every measure while children of HH parents (column iv) do worse than other children on every measure.

On one hand, WW children are more educated with approximately 14 years of education for males and females. Male and female WW children have an employment rate of 95%. They have log hourly earnings of 2.557 for males and 2.435 for females. Also, their log annual earnings are 10.529 for males and 10.297 for females.

On the other hand, children of HH marriages have an average of 12.898 and 13.204 years of education for males and females respectively. HH males and females have an employment rate of 93%. Their log annual earnings are 10.365 and 10.175 for males and females respectively.

Inter-ethnic children, WH and HW, have lower educational attainment and income than WW children but they are better than HH children. Also, unlike WW and HH children, WH and HW are more comparable to each other. These two groups are important to my analysis.

1. The list of Spanish Speaking countries include: Argentina, Bolivia, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Equatorial Guinea, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Spain, Uruguay, Venezuela.

Children of HW are going to be the treatment group. HW children have a Hispanic father, and consequently, they will carry his Hispanic last name. While the WH children have White fathers and will carry his non-Hispanic, or White, last name. A first glance at the summary statistics of these two groups, table III columns (ii) and (iii), can show that they are different from the children of non-intermarriages.

WH children have an average of 13.366 and 13.741 years of education for males and females. The employment rate for males is 94.5% and for females 95.0%. HW male and female children obtained 13.072 and 13.270 years of education. Men's employment rate is 92.7% and women's 93.1%.

In panel D of table III, I present the rates at which members of each group self-identify as Hispanic [2]. The vast majority of HH children, 97%, identify as Hispanic. There is considerable attrition in Hispanic identification of inter-ethnic children. Among WH children, 82.1% of males and 85.0% of females identified as Hispanic. Among HW children, 87.9% of males and 85.9% of females identified as Hispanic. These results align with the findings of an important body of literature that noted this attrition among children of immigrants, especially those coming from inter-ethnic marriages (Duncan and Trejo, 2017, 2018a; Duncan et al., 2020; Antman et al., 2020). Finally, a small portion of WW children, 6%, identified as Hispanic. These 6% of WW children are most likely third generation— or more— immigrants. For my analysis, I drop the WW observations that identify as Hispanic to have a comparison with non-Hispanic Whites only.

In columns (v) and (vi), I calculate the differences in means between HH-WW (column v) and HW-WH (column vi). Overall, HH children do worse than WW children. HH has one less year of education compared to WW, 2.1 percentage points less likely to be employed, HH men earn 16.4% less than WW men and HH women earn 12.3% less than WW women. Therefore, these two groups, HH and WW, are different on many observable.

The differentials between WH and HW are not as severe as the ones between HH and

2. Hispanic self-identification is observed when an individual note that they are Hispanic on the CPS questionnaire

WW. HW children are still worse off than WH, but they are way better than HH. HW males attain 0.294 fewer years of education than WH men. HW women attain 0.471 fewer years of education than WH women. HW children are 1.8-1.9 percentage points less likely to be employed. HW males earn the same annual earnings as WH men and HW women earn 10.3% less. These differences show that HW and WH children are different from children of homogeneous marriages, and thus are more comparable.

Moreover, in table IV, I present the summary statistics for the four types but limit the sample to those that only identify as Hispanic[3]. The same pattern discussed above between HH–WW and HW–WH persists. The one difference is the fact that those that identify as Hispanic do slightly worse.

II.B. Synthetic parents

Using the 1970 and 1990 censuses, I constructed a panel of synthetic parents. The sample includes married White men and women. Even though the census asks a person whether she/he is Hispanic or not, I took advantage of the questions on place of birth to create a proxy for ethnicity. I considered a Hispanic person as those that are White and born in Spanish speaking country. Consequently, Whites in the sample are people who are White and native-born. Using the information provided in the census, I can link husbands and wives with each other. I assume that parents have children between the ages of 25 and 45. Therefore, my sample consists of married White men and women that were born in the 1930 to 1965 cohorts[4].

I show the distribution of the four types of couples in table I. White husbands and White wives (WW) make up the majority of couples in the sample, 98.18% (681,206 couples). Hispanic husbands and Hispanic wives (HH) are the second largest group making up 1.04% (7,193 couples)of all couples. White husbands and Hispanic wives (WH) couples are 0.40%

3. Limiting the sample to those that identify as Hispanic only affects WH, HW and HH. Members of the WW group are not affected by this restriction.

4. The construction of "synthetic parents" follows the method used by Rubinstein and Brenner (2014).

(2,750 couples) of the sample while Hispanic husbands and White wives (HW) are 0.39% (2,710 couples).

I present the summary statistics of the four types of synthetic parents in table III's parent's panel. WW couples have higher education, 11.9 years for husbands and 11.8 for wives. As a household, WW couples have a total of 25.194 years of education. Husbands in HH marriages have 8.5 years of education, while females have 8.2 years of education. As a household, HH couples have a total of 17.539 years of education.

WH husbands have 10.3 years of education, while wives have an average of 9.6 years, the lowest of any group. WH household attained a total of 22.308 years of education in total. HW husbands and wives obtained 9.7 and 9.8 years of education respectively. HW household attained a total of 21.473 years of education in total.

In columns (v) and (vi) of table III, I calculated the differences in means between HH-WW households and HW-WH households. An HH Hispanic husband attained 3.779 fewer years of education than a WW husband. While an HH wife attained 3.876 fewer years of education than a White WW wife. The total educational difference between HH and WW households is equal to 7.655 years of education. The educational differences between HW and WH are not as severe as those between HH and WW. A Hispanic husband in intermarriage attained 1.560 fewer years of education than a White husband in intermarriage. A White wife in intermarriage attained 0.726 years of education more than a Hispanic wife in intermarriage. The difference in total years of education between HW and WH households is 0.835, which is an 89% decrease from the HH–WW gap. These differences show that couples that intermarry are better and different than those that do not.

III. Empirical Strategy

In this section, I will present two empirical strategies. The first empirical strategy will estimate the effect of having a Hispanic last name on log annual earnings. The second empirical strategy will estimate the effect of identifying as Hispanic on log annual earnings.

The difference in means between Hispanics and non-Hispanic Whites could be the result of discrimination. It can also be caused by differences in innate abilities, skills, parental investments during infancy years. To avoid these threats to identification, I compare children of intermarriages, HW and WH. WH and HW children are equally Hispanic physically, but provide employers/labor market with different signals.[5] WH children will have a non-Hispanic last name, while HW children will have a Hispanic last name. This is a method developed by Rubinstein and Brenner (2014).

III.A. Estimating the effect of having a Hispanic last name

Let Y_{it} be the log annual earnings of person i at time t . WH_i, HW_i and HH_i are indicator variables for the type of parents person i has. X_{it} is a vector of controls, γ_t are year fixed effects and ϕ_{it} represents the error term. The equation for this strategy is written as:

$$Y_{it} = \beta_0 + \beta_1 WH_i + \beta_2 HW_i + \beta_3 HH_i + X'_{it} + \gamma_t + \phi_{it} \tag{1}$$

β_1, β_2 and β_3 are the coefficients of interest in this specification. They estimate the earnings gaps between the three groups and children of White-White parents. The difference between β_1 and β_2 captures the effect of having a Hispanic last name. This comes from the fact the WH and HW children are similar to each other. On one hand, WH children will have a White father and will carry his White last name. On the other hand, HW children will have a Hispanic father and will carry his Hispanic last name. Therefore, *ceteris paribus*, the difference will capture the effect of having a Hispanic last name.

III.B. Estimating the effect of identifying as Hispanic

In this section, I will present an estimation strategy that would allow me to capture the effect of identifying as a Hispanic. The empiricism in the section follows the theoretical model of identity that was developed by Akerlof and Kranton (2000).

5. WH and HW children are both half White half Hispanic.

Let Y_{it} be the log annual earnings of person i at time t . WH_i, HW_i and WW_i are indicator variables for the type of parents person i has. X_{it} is a vector of controls, γ_t are year fixed effects and ϕ_{it} represents the error term. The addition to the previous model is the $Hispanic_i$ indicator variable. $Hispanic_i$ is equal to one if a person identifies as Hispanic and zero otherwise. I interact this term with the WH_i, HW_i and HH_i. The regression is presented in the following equation.

$$\begin{aligned} Y_{it} = \beta_0 + \beta_1 HW_i + \beta_2 WH_i + \beta_3 HH_i + \\ \beta_4 WH_i \cdot Hispanic_i + \beta_5 HW_i \cdot Hispanic_i + \beta_6 HH_i \cdot Hispanic_i + \\ X'_{it} + \gamma_t + \phi_{it} \end{aligned} \tag{2}$$

The coefficients of interest from equation 2 are β_4, β_5 and β_6. The interaction terms capture the earnings gaps between members of WH_i, HW_i and WW_i that identify as Hispanic, and White WW children.

IV. Results and Discussion

In this section, I present the results from estimating the two specification in equations 1 and 2. The results are presented in tables V and VI. All estimations are done on a sample of White native-born men, between the ages of 25 and 40 that are employed for full-time full-year (FTFY) and are waged and salaried workers.

I find that the earnings gaps between WH and WW are 8.8%, 14.1% between HW and WW and 16.1% between HH and WW. Moreover, the difference in earnings between HW and WH children, which captures the effect of having a Hispanic last name, is equal to a statistically significant 5.3 percentage points. Meaning, by comparing inter-ethnic children, a person with a Hispanic last name earns 5.3 percentage points less than someone with a White last name. However, more than half of the earnings gaps could be explained by educational differences between WW children and WH, HW and HH. When I control for ed-

ucation, the gap between the three groups and WW is cut between 50-64.0%. Furthermore, the last name effect decreases to a statistically insignificant 1.6 percentage points earnings gap.

I also find a big earnings gap between those that identify as Hispanic and WW children. The gaps between WH, HW and HH that identify as Hispanic and WW are, respectively, 13.4%, 16.4% and 10.6%. The difference between WH and HW that identify as Hispanic— captures the last name effect of those that identify as Hispanic— is equal to 3 percentage points and is statistically insignificant. Controlling for education explains a big part of the gap. The gaps between WH, HW and HH that identify as Hispanic and WW after controlling for education are 6.4%, 10.8% and 6.2%. The WH–WW and HH–WW gaps for those that identify as Hispanic becomes statistically insignificant after controlling for education. Finally, the difference between WH and HW that identify as Hispanic that identifies as Hispanic remains statistically insignificant but increases to 4.3 percentage points.

IV.A. The effect of having a Hispanic last name on labor market outcomes

I provide the results to the estimation of equation 1 in table V. The sample in this analysis includes full-time full-year and waged and salaried men and I control for hours worked, age and include year fixed effects (FE). Column one in table V are the results without controlling for education. Overall, there is big Hispanic–White earnings gaps. Children of White father-Hispanic mothers (WH) earn 8.8% less than children of White fathers-White mothers (WW) families. The gap between children of Hispanic father-White mothers (HW) and WW children is 14.1%. The gap between children of Hispanic father-Hispanic mothers (HH) and WW children is 16.1%. Therefore, Hispanic children, whether they are interethnic or children of homogeneous HH marriages, face a substantial earnings gap.

The difference between the estimates of WH and HW would capture the effect of having a Hispanic last name. A WH child will have a White last name since their father is White, while an HW child will have a Hispanic last name like their Hispanic father. When I take

the difference between HW and WH, I find a statistically significant gap of 5.3 percentage points. Meaning that an inter-ethnic person with a Hispanic last name earns 5.3 percentage points less than a similar inter-ethnic person but with a White last name.

The literature on the earnings gaps shows that a big part of these gaps could be explained by educational differences (Duncan et al., 2006; Duncan and Trejo, 2017, 2018a; Duncan et al., 2020). Therefore, I run the equation 1, but this time I control for education. The results of this regression are presented in column two of table V. The sample includes full-time full-year and waged and salaried men and I control for hours worked, age and include year fixed effects (FE). The gap between WH and WW is 4.4%, a reduction of 50% from the baseline after controlling for education. The earning gaps between HW and HH and WW were respectively reduced by 58% and 64%. After controlling for education, an HW male earns 5.9% less than a WW male, and an HH male earns 5.8% less. The effect of having a Hispanic last name on earnings decreased to 1.6 percentage points and became statistically insignificant after controlling for education.

Therefore, Hispanics face big earnings gaps when compared to Whites. By comparing the children of intermarriages, I was able to study the impact of having a Hispanic last name on earnings. I find that having a Hispanic last name carries a cost in the labor market, a person with a Hispanic last name earns 5.3 percentage points less than a person with a White name. However, educational differences between Hispanics and Whites could explain more than 50% of the earning gaps and all of the Hispanic last name cost.

IV.B. The effect of identifying as Hispanic on labor market outcomes

In this section, I present the results to equation 2 that estimates the effect of identifying as Hispanic on log annual earnings. I show the results in table VI. The sample is restricted to full-time full-year (FTFY) salaried and waged males. I control for age, hours worked and include year fixed effects.

In table VI column 1, I run the estimating equation without controlling for education.

I find that those that identify as Hispanic face a big earnings gap compared to those that do not. A WH male that identifies as Hispanic earns 13.4% less than a WW male. An HW male that identifies as Hispanic earns 16.4% less than a WW male and an HH male earns that identifies as Hispanic earns 10.6% less than a WW male. Comparing the coefficients of the interaction terms to those of the WH_i, HW_i and HH_i shows that members of the three groups that do not identify as Hispanic earn about the same as WW. Moreover, the difference between $HW_i \cdot Hispanic_i$ and $WH_i \cdot Hispanic_i$ captures the effect of having a Hispanic last name and identifying as Hispanic compared to having a White last name and identifying as Hispanic. A person with a Hispanic last name that identifies as Hispanic earns 3 percentage points less than a person that identifies as Hispanic but has a White last name. The difference, however, is statistically insignificant.

In table VI column 2, I show the results of equation 2 while controlling for education. Education explains all the identity cost for members of WH and HH. Also, controlling for education decreases the earnings gap for identifying as Hispanic and being a member of HW by 34.1%. An HW member that identifies as Hispanic earns 10.8% less than a WW male. Furthermore the difference between $HW_i \cdot Hispanic_i$ and $WH_i \cdot Hispanic_i$ increases to 4.3 percentage points, but remains statistically insignificant.

IV.C. Discussion

The results presented in tables V and VI have an implication that affects how Hispanic-White earnings gaps should be calculated. First, A big portion of the earnings gaps could be explained by education. However, there are more unobservable characteristics, like innate ability, that could affect earnings outcomes. Therefore, simply comparing Hispanics to Whites could yield inflated gaps since the two groups are different. The reduced form regression of this approach could be written as:

$$Y_{it} = \beta_0 + \beta_1 Hispanic_i + X'_{it} + \gamma_t + \phi_{it} \tag{3}$$

Where Y_{it} in equation 3 is log annual earnings of person i at time t. $Hispanic_i$ is a dummy variable that is equal to one if person i is Hispanic and zero otherwise. X_{it} is a vector of controls, γ_t is time fixed effects and ϕ_{it} is the error term.

From equation 3, β_1 estimates the earnings gap between Hispanics and Whites. When estimating the equation, before controlling for education, I find an earnings gap that is equal to 15.6%. This gap is close to the gap between HH and WW. After controlling for education, the gap decreases by more than half and becomes 6%, which is also similar to the gap between HH and WW after controlling for education. Since differences between Whites and Hispanics, on the observable and unobservables are large, estimating the gap HW-WH could provide us with a bound on how much of the discrimination against Hispanics is taste-based.

The point estimate of the difference between HW and WH from equation 1 is equal to 1.3 percentage points. The upper bound of the confidence interval is equal to 4.5 percentage points. Therefore, I can put an upper bound on the portion of the Hispanic-White earnings gap that could be explained by taste based discrimination. In this case, the upper bound is equal to 4.5 percentage points.

V. Conclusion

As the Hispanic population keeps growing in the United States, studying discrimination against this group grows in importance as well. In this paper, I investigate discrimination against Hispanics in the labor market. More specifically, I study the effect of having a Hispanic last name and identifying as Hispanic on log annual earnings.

I compare the children of inter-ethnic marriages to study the labor market impact of having a Hispanic last name. The earning gap between WH and WW is 8.8%, 14.1% between HW and WW and 16.1% between HH and WW. When I compare the earnings of HW and WH children, which captures the effect of having a Hispanic last name, HW children earn 5.3% less than WH children. Thus, by comparing inter-ethnic children, a person with a

Hispanic last name earns 5.3% less than someone with a White last name. Controlling for education, however, explains more than half of the earnings gaps between WW children and WH, HW and HH. When I control for education, the gap between the three groups and WW is cut between 50-64.0%. Furthermore, the last name effect decreases to a statistically insignificant 1.6% earnings gap.

I also find that men that identify as Hispanic earn significantly less than those that do no, even when I control for ancestry and education. The gaps between WH, HW and HH that identify as Hispanic and WW are, respectively, 13.4%, 16.4% and 10.6%. Controlling for education explains a big part of the gap. The gaps between WH, HW and HH that identify as Hispanic and WW after controlling for education are 6.4%, 10.8% and 6.2%.

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Appendix A: Figures

Figure I
Proportion of non-Whites in the United States from 1995 to 2019

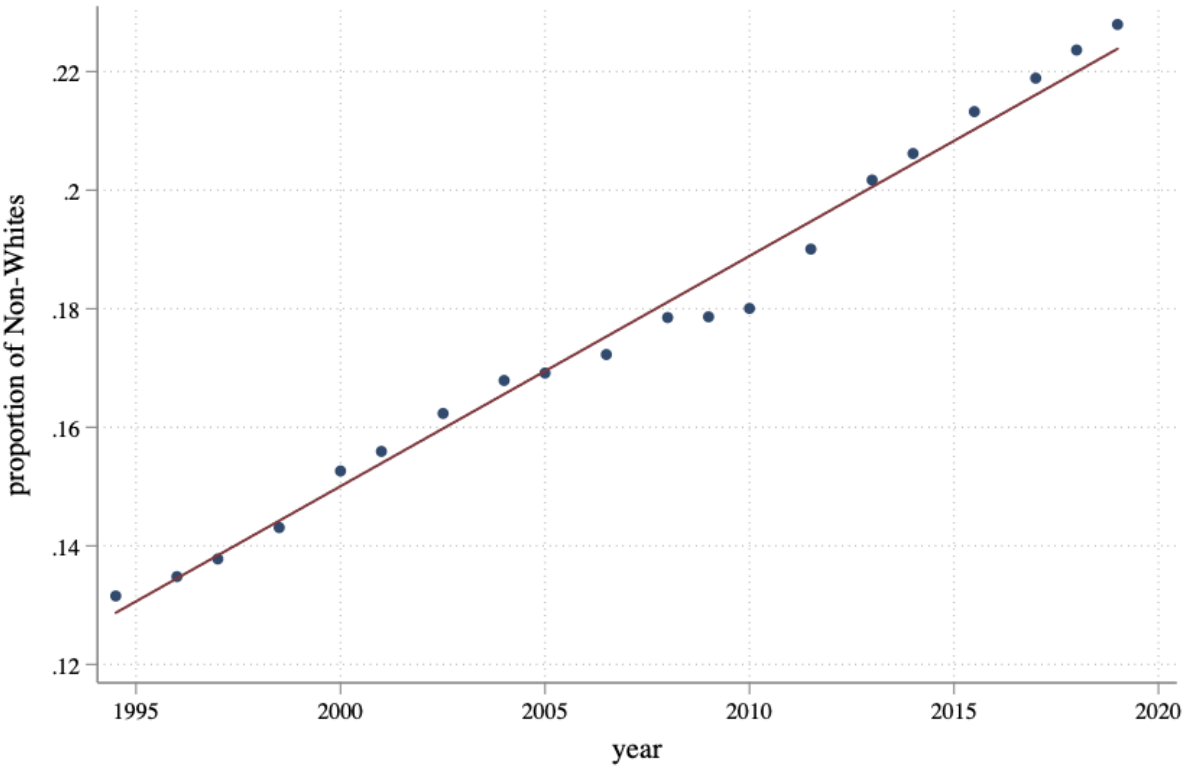


FIGURE II

HISPANICS AS A PERCENTAGE OF THE TOTAL POPULATION IN THE UNITES STATES FROM 1995 TO 2019.

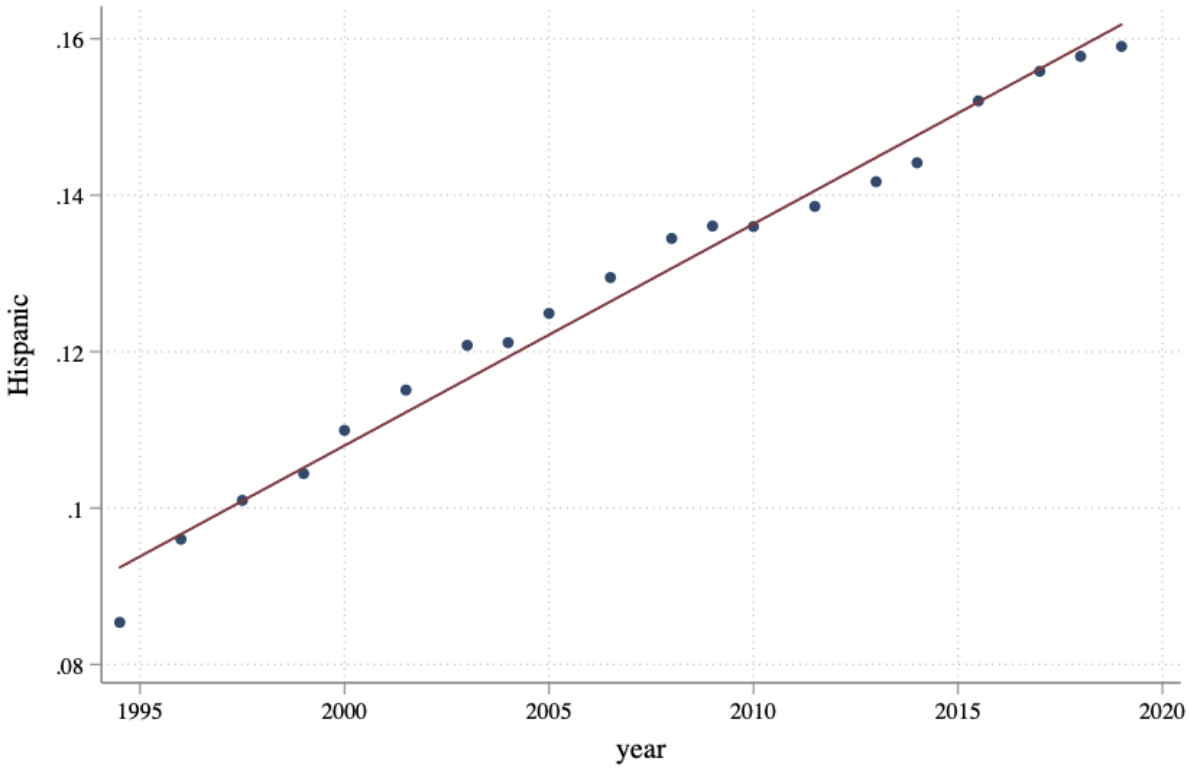


FIGURE III

INTER-RACIAL MARRIAGES AS A PERCENT OF ALL MARRIAGES IN THE UNITED STATES FROM 1995 TO 2020.

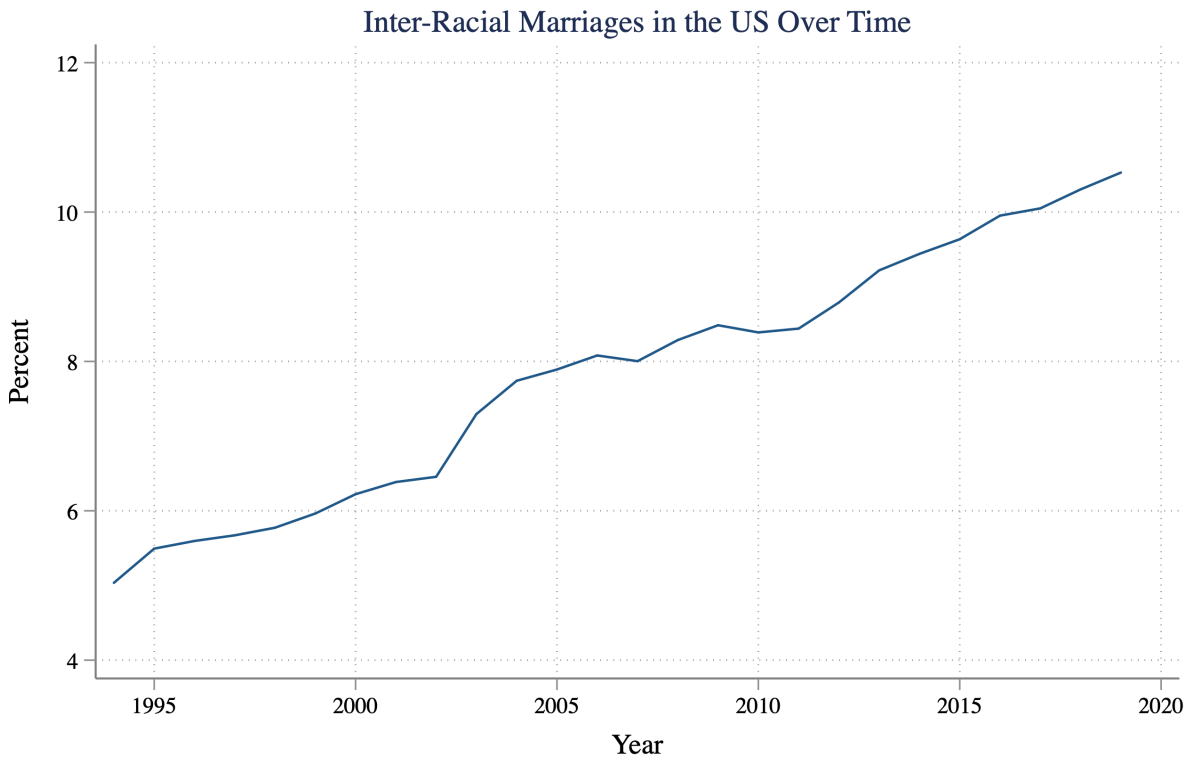


FIGURE IV

DISTRIBUTION OF THE FOUR TYPE OF CHILDREN.

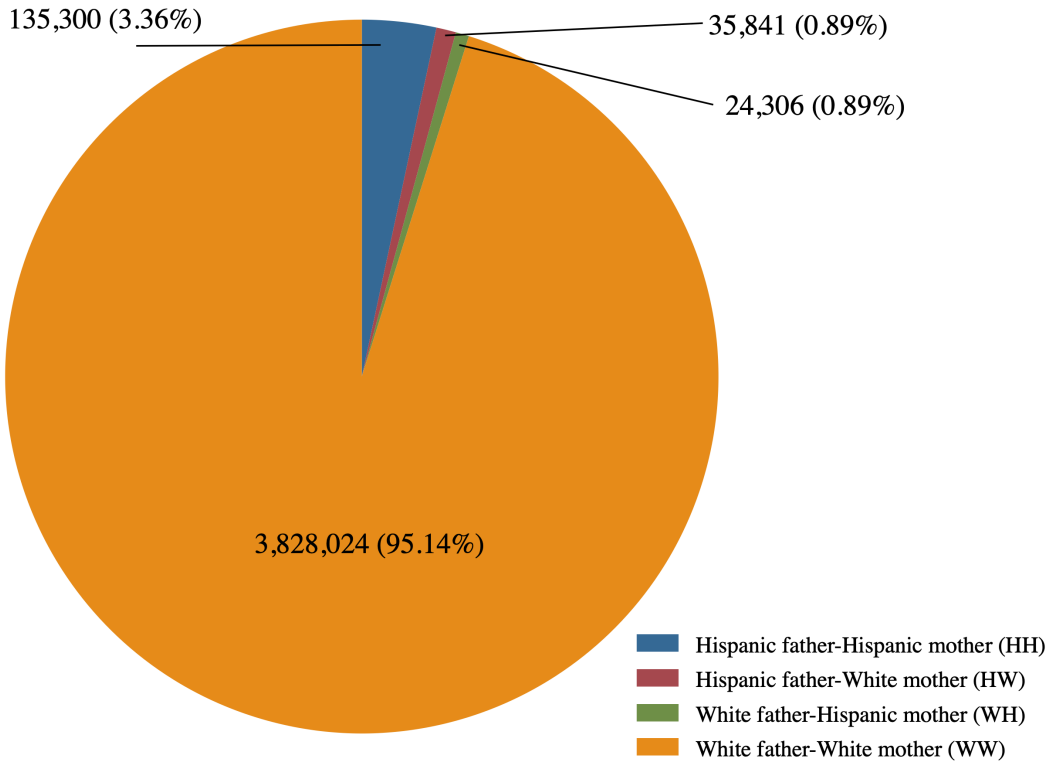
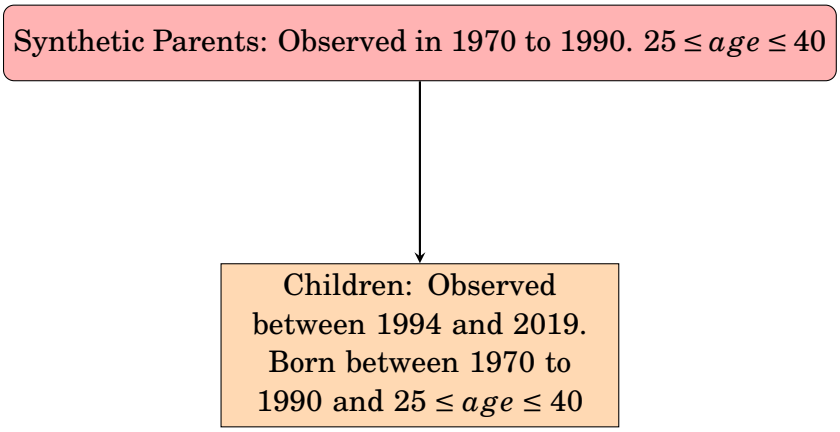


FIGURE V

CHART EXPLAINING WHICH SYNTHETIC PARENTS AND CHILDREN AND WHEN WE OBSERVE THEM.



Appendix B: tables

TABLE I

NUMBER OF CHILDREN FROM THE DIFFERENT TYPE OF PARENTS.

	Perent's Type			
	White Father White Mother	White Father Hispanic Mother	Hispanic father White Mother	Hispanic father Hispanic Mother
Number	3,828,024	24,306	35,841	135,300
(%)	(95.14%)	(0.89%)	(0.89%)	(3.36%)

Notes. The data is restricted to people that were interviewed in between 1994 and 2019 that are also White, married and between the ages of 18 and 65. I identify the ethnicity of a person's parents through the parent's place of birth. A parent is Hispanic if both her parents were born in a Spanish speaking country. A parent is White if born parents were born in the United States.

TABLE II

PARENTS' TYPES

	Couples' Type			
	White Husband White Wife	White Husband Hispanic Wife	Hispanic Husband White Wife	Hispanic Husband Hispanic Wife
Number	1,198,446	3,819	3,413	6,920
(%)	(98.83%)	(0.31%)	(0.28%)	(0.57%)

Notes. The data is restricted to people that were interviewed in 1970 and 1960 that are also White and married. I identify the ethnicity of a person through their place of birth. A parent is Hispanic if they were born in a Spanish-speaking country. A parent is White if they were born in the United States.

Notes. The table includes information on the proportion of the four types of synthetic parents that I have constructed.

TABLE III

CHILDREN'S OUTCOME USING PARENT'S PLACE OF BIRTH

	Father's and Mother's Ethnicities				Differences	
Variables	White Father White Mother (WW) (i)	White Father Hispanic Mother (WH) (ii)	Hispanic Father White Mother (HW) (iii)	Hispanic Father Hispanic Mother (HH) (iv)	HH - WW (v)	HW-WH (vi)
Parent's Panel:						
Husband's education (total years)	12.727	11.847	10.286	8.949	-3.779***	-1.560***
	(2.616)	(3.658)	(4.602)	(4.422)	(0.018)	(0.041)
Wife's education (total years)	12.467	10.462	11.188	8.590	-3.876***	0.726***
	(2.182)	(4.139)	(3.394)	(4.120)	(0.015)	(0.035)
Total Household education (years)	25.194	22.308	21.473	17.539	-7.655***	-0.835***
	(4.300)	(7.034)	(7.202)	(7.836)	(0.029)	(0.068)
Panel A:						
age and education						
Male's Education	13.861	13.366	13.072	12.898	-0.962***	-0.294***
	(2.421)	(2.317)	(2.270)	(2.356)		
Female's Education	14.200	13.741	13.270	13.204	-0.996***	-0.471***
	(2.424)	(2.467)	(2.342)	(2.453)		
Panel B: Employment & Earnings						
Males' employment rate	0.952	0.945	0.927	0.931	-0.021***	-0.018***
	(0.215)	(0.227)	(0.260)	(0.254)		
Females' employment rate	0.956	0.950	0.931	0.936	-0.020***	-0.019***
	(0.205)	(0.218)	(0.253)	(0.244)		
Males' log hourly earnings	2.557	2.524	2.468	2.505	-0.041***	-0.056***
	(0.399)	(0.421)	(0.423)	(0.401)		
Females' log hourly earnings	2.435	2.444	2.385	2.389	-0.016**	-0.061***
	(0.415)	(0.426)	(0.375)	(0.376)		
Males' log annual earnings	10.529	10.435	10.386	10.365	-0.164***	-0.049
	(0.703)	(0.637)	(0.872)	(0.622)		
Females' log annual earnings	10.297	10.262	10.159	10.175	-0.123***	-0.103***
	(0.633)	(0.613)	(0.541)	(0.650)		
Panel D: Identity						
Proportion of males identifying as Hispanic	0.060	0.821	0.879	0.969		
Proportion of females identifying as Hispanic	0.059	0.850	0.859	0.970		

Notes. The data is restricted to people native born United States citizens between 1994 and 2019 that are also White and between the ages of 25 and 40. I identify the ethnicity of a person's parents through the parent's place of birth. A parent is Hispanic if they were born in a Spanish speaking country. A parent is White if they were born in the United States.

Notes. In each column I present the average statistics of the different types of people based on the ethnicities of their parents. In column one, I present the summary statistics of children of White fathers and White mothers. In column two, I present the summary statistics of children of White fathers and Hispanic mothers. In column three, I present the summary statistics of children of Hispanic fathers and White mothers. In column four, I present the summary statistics of children of Hispanic fathers and Hispanic mothers.

Notes. Columns five and six have data on the HH–WW gaps (column five) and the HW–WH gaps (column six).

TABLE IV

CHILDREN'S OUTCOMES USING PARENT'S PLACE OF BIRTH ONLY FOR THOSE THAT IDENTIFY AS HISPANIC

	Father's and Mother's Ethnicities				Differences	
Variables	White Father White Mother (WW)	White Father Hispanic Mother (WH)	Hispanic Father White Mother (HW)	Hispanic Father Hispanic Mother (HH)	HH - WW	HW-WH
	(i)	(ii)	(iii)	(iv)	(v)	(vi)
Parent's Panel:						
Husband's education (total years)	11.856	10.211	9.665	8.427	-3.429***	-0.546***
	(2.922)	(3.876)	(4.095)	(4.228)	(0.035)	(0.079)
Wife's education (total years)	11.793	9.556	9.791	8.137	-3.656***	0.235***
	(2.329)	(3.751)	(3.524)	(3.899)	(0.028)	(0.063)
Total Household education (years)	23.650	19.767	19.456	16.564	-7.085***	-0.311***
	(4.716)	(6.843)	(6.896)	(7.338)	(0.057)	(0.128)
Panel A:						
age and education						
Male's Education	13.861	13.237	13.008	12.874	-0.986***	-0.230***
	(2.421)	(2.313)	(2.217)	(2.347)		
Female's Education	14.200	13.603	13.133	13.182	-1.018***	-0.470***
	(2.424)	(2.391)	(2.325)	(2.453)		
Panel D: Employment & Earnings						
Males' employment rate	0.952	0.943	0.925	0.930	-0.021***	-0.018***
	(0.215)	(0.232)	(0.264)	(0.254)		
Females' employment rate	0.956	0.948	0.928	0.936	-0.020***	-0.020***
	(0.205)	(0.222)	(0.258)	(0.245)		
Males' log hourly earnings	2.501	2.470	2.408	2.460	-0.041***	-0.062***
	(0.454)	(0.458)	(0.463)	(0.434)		
Females' log hourly earnings	2.339	2.358	2.288	2.322	-0.017**	-0.071***
	(0.494)	(0.499)	(0.464)	(0.423)		
Males' log annual earnings	10.529	10.414	10.394	10.364	-0.165***	-0.020
	(0.703)	(0.610)	(0.704)	(0.625)		
Females' log annual earnings	10.297	10.240	10.136	10.172	-0.126***	-0.104***
	(0.634)	(0.635)	(0.537)	(0.652)		

Notes. The data is restricted to people native born United States citizens between 1994 and 2019 that are also White and between the ages of 25 and 40. I identify the ethnicity of a person's parents through the parent's place of birth. A parent is Hispanic if they were born in a Spanish speaking country. A parent is White if they were born in the United States.

Notes. In each column I present the average statistics of those that identify as Hispanic by the different types of people based on the ethnicities of their parents. In column one, I present the summary statistics of children of White fathers and White mothers. In column two, I present the summary statistics of children of White fathers and Hispanic mothers that identify as Hispanic. In column three, I present the summary statistics of children of Hispanic fathers and White mothers that identify as Hispanic. In column four, I present the summary statistics of children of Hispanic fathers and Hispanic mothers that identify as Hispanic.

Notes. Columns five and six have data on the HH–WW gaps (column five) and the HW–WH gaps (column six).

TABLE V

EFFECT OF HAVING A HISPANIC LAST NAME

Variables	Log annual earnings	Log annual earnings
WH_i	-0.088***	-0.044***
	(0.018)	(0.017)
HW_i	-0.141***	-0.059***
	(0.015)	(0.014)
HH_i	-0.161***	-0.058***
	(0.008)	(0.007)
HW_i - WH_i	-0.053**	-0.016
	(0.024)	(0.022)
Controlling for:		
Education	No	Yes
Hours worked	Yes	Yes
Age	Yes	Yes
Year FE	Yes	Yes

Notes. This table includes the estimation results of equation 1.

Notes. The four groups stand for White Husband White Wife (WW), White Husband Hispanic Wife (WH), Hispanic Husband White (HW) and Hispanic Husband Hispanic Wife (HH).

Notes. The sample is restricted to males working full-time full-year and are waged and salaried workers.

Notes. Column one has the regression results when controlling for hours worked, age and years fixed effects. Column two has the results after controlling for education.

TABLE VI

LAST NAME EFFECT

Variables	Log annual earnings	Log annual earnings
$WH_i \times Hispanic_i$	-0.134**	-0.064
	(0.053)	(0.049)
$HW_i \times Hispanic_i$	-0.164***	-0.108**
	(0.052)	(0.048)
$HH_i \times Hispanic_i$	-0.106**	-0.062
	(0.049)	(0.045)
WH_i	0.027	0.011
	(0.048)	(0.045)
HW_i	0.007	0.038
	(0.050)	(0.046)
HH_i	-0.057	0.003
	(0.057)	(0.044)
$HW_i \times Hispanic_i$ - $WH_i \times Hispanic_i$	-0.030	-0.043
	(0.074)	(0.068)
Controlling for:		
Education	No	Yes
Hours worked	Yes	Yes
Age	Yes	Yes
Year FE	Yes	Yes

Notes. This table includes the estimation results of equation 2.

Notes. The four groups stand for White Husband White Wife (WW), White Husband Hispanic Wife (WH), Hispanic Husband White (HW) and Hispanic Husband Hispanic Wife (HH). $Hispanic_i$ is a dummy variable that is equal to one if a person identifies as Hispanic and zero otherwise.

Notes. The sample is restricted to males working full-time full-year and are waged and salaried workers.

Notes. Column one has the regression results when controlling for hours worked, age and years fixed effects. Column two has the results after controlling for education.

TABLE VII

HSIAPNIC–WHITE EARNINGS GAP USING HISPANIC VARIABLE ONLY

Variables	Log annual earnings	Log annual earnings
$Hispanic_i$	-0.156***	-0.060***
	(0.006)	(0.006)
Controlling for:		
Education	No	Yes
Hours worked	Yes	Yes
Age	Yes	Yes
Year FE	Yes	Yes

Notes. This table includes the estimation results of equation 3.

Notes. $Hispanic_i$ is a dummy variable that is equal to one if a person identifies as Hispanic and zero otherwise.

Notes. The sample is restricted to males working full time full-year and are waged and salaried workers.

Notes. Column one has the regression results when controlling for hours worked, age and years fixed effects. Column two has the results after controlling for education.