

Who switches race?: Empirics on the endogeneity of ethnicity

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Abstract: *Using newly available data that include two different measures of race for more than half a million college-bound high school students in Texas, this paper attempts to test the hypothesis that race is an exogenous variable. The alternative hypothesis, rarely considered in economics but taken seriously in other academic disciplines, is that socio-economic factors such as family income—together with physical appearance—determine how individuals are categorized into ethnic or racial groups. By investigating individual characteristics that predict who switches race, the data can reveal whether, for example, the cliché that money whitens enjoys any statistical support. Insofar as socio-economic characteristics such as income reliably predict who switches race, and in which direction, the null hypothesis that race is exogenous can be rejected. Using a statistical model that expresses the probability of switching racial/ethnic categories as a function of individual and contextual characteristics, the data reveal several patterns relevant to theories about the determinants of racial boundaries. English language proficiency, family income, age, exposure to same-race peers, and geographic region appear to play a significant role in solidifying (or weakening) racial/ethnic identity. The joint and individual significance of these and other socio-economic variables in the model provide strong support for the claim that race is a social construct.*