

CHOOSING ETHNICITY: THE INTERPLAY BETWEEN INDIVIDUAL AND SOCIAL MOTIVES

Ruixue Jia

University of California, San Diego

Torsten Persson

IIES, Stockholm University

Abstract

This paper studies how material incentives and social norms shape ethnic identity choices in China. Provincial policies give material benefits to minorities, which consequently affect the ethnicity choices for children in ethnically mixed marriages. We formalize the ethnic identity choice in a simple framework, which highlights the interaction of (i) material benefits stemming from ethnic policies, (ii) identity costs associated with breaking the norm of following the father's ethnicity, and (iii) social reputations altering the importance of identity costs. Consistent with the model, we find that ethnic policies increase the propensity to break the prevailing norm for mixed families with minority mothers. Moreover, the impact of ethnic policies is larger in localities where more such families follow the norm. More broadly, our study shows (1) how government policies can shape identity choices and (2) how one can allow for both complementarity and substitutability between individual and social motives in empirical analyses. (JEL: D10, H1, J1)

The editor in charge of this paper was Paola Giuliano.

Acknowledgments: We are grateful to Paola Giuliano, anonymous referees, Roland Benabou, Paul Collier, Gerard Roland, Jean Tirole, Giorgio Topa, Alessandra Voena, Fabrizio Zilibotti, and participants in seminars at CIFAR, NBER, UCSD, LSE/UCL, Harvard, Maryland, Michigan, Oxford, Tsinghua, INSEAD, Toulouse and Yale for helpful comments. We would like to thank CIFAR, the ERC, and the Swedish Research Council for financial support. Finally, we are grateful to Loren Brandt and Lena Edlund for sharing some data.

E-mail: rxjia@ucsd.edu (Jia); Torsten.Persson@iies.su.se (Persson)