

Discrimination, Identity and Labor Market Signaling : Name Changers in the Early 20th Century Budapest

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Abstract

We study wage differentials and promotion history differences between workers who are perceivable as members of different cultural communities and also, more interestingly, the wage and promotion effect of the decision to assimilate. In particular, we look at whether changing a family name that suggests belonging to a particular ethnic minority affects future wages and careers in the public sector of the late 19th – early 20th century Budapest. We compare different explanations that could have given rise to these wage differentials, and assess worker welfare based on the theory of economics of identity. By doing so, we are aiming to contribute to the literatures on assimilation, labor market signaling and discrimination, and economics of identity. Our future contribution lays in the uniqueness of the dataset being built by us which offers a clear-cut identification strategy for the estimation of wage effects of assimilation.