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To Be, or Not to Be: Stereotypes, Identity Choice and Group Inequality

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ABSTRACT



We extend a model of ‘stereotyping’ by allowing agents to exert control over their perceived identities. The logic of individuals’ identity choices induces a positive selection of the more talented individuals into a group with a superior reputation. Thus, the inequality deriving from the stereotyping of endogenously constructed groups can be greater than the inequality that can emerge when perceived identity is not malleable. Moreover, when identity manipulation is sufficiently easier to undertake, an equality across social groups may not be achievable even with strong egalitarian interventions. Among the human behaviors illuminated by this theory are: (1) the selective out-migration from a stigmatized group and (2) the production of the indices of differentiation by better-off members of the negatively stereotyped group. We also examine the welfare implications of these identity manipulation activities.

KEYWORDS Stereotypes; Identity Choice; Group Inequality; Passing

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