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## Ethic Norms and Their Transformation Through Reputational Cascades

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**ETHIC NORMS AND THEIR TRANSFORMATION  
THROUGH REPUTATIONAL CASCADES**

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**George J. Stigler Center for the  
Study of  
the Economy and the State**

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# ETHNIC NORMS AND THEIR TRANSFORMATION THROUGH REPUTATIONAL CASCADES

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**Summary.** Ethnic norms are the behavioral codes that individuals must follow to retain the acceptance of their ethnic groups. They are sustained partly by sanctions that individuals impose on each other in trying to establish personally advantageous ethnic credentials. This essay analyzes the process of “ethnification” through which a society’s ethnic norms become more demanding. The key to the argument lies in interdependencies among individual behaviors. These interdependencies allow changes in one person’s choices to trigger vast numbers of additional adjustments through a reputational cascade—a self-reinforcing process by which people concerned about their reputations induce each other to step up their ethnically symbolic activities. According to the analysis, a society exhibiting low ethnic activity generates social forces tending to preserve that condition; but if these forces are somehow overcome, the result may be massive ethnification. One implication is that societies only slightly different in terms of age distribution, economic development, or culture may vary greatly in terms of aggregate ethnic activity. Another is that ethnically based fears and hatreds constitute by-products of ethnification rather than its fundamental source.

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## I. ETHNIC ACTIVITY, ETHNIC NORMS, AND ETHNIFICATION

The act of wearing a particular hat need not be relevant to the wearer's ethnic identity. Nor must it influence ethnic relations within the state or citizenry that claims the wearer as a member. Often, however, the choice of a hat helps define an ethnic identity, and it signals an ethnic loyalty.<sup>1</sup> In India, for example, hat styles gained ethnic significance toward the end of British rule, two decades before the country's partition. Around this time, prominent Hindus took to wearing the "homespun" headgear that came to be known as the "Gandhi cap," and influential Muslims started accentuating their own particularities by wearing the "Jinnah cap" made of fur. These patterns reinforced the view, promoted by certain leaders, that India's major ethnic groups—more precisely, its major ethnoreligious groups—lived differently enough to justify a territorial partition.<sup>2</sup>

A vast array of other activities that are generally devoid of ethnic meaning will sometimes assume ethnic significance. Eating, reading, and entertainment patterns will become ethnically meaningful when they were not previously. Such transformations are typically accompanied by a diffusion of behaviors that already enjoyed ethnic significance, as with the growth of participation in ethnic politics. The combined result is a transformation of society's *ethnic norms*—the behavioral codes that its members are expected to follow to retain the acceptance of their ethnic groups. A college student who had enjoyed her ethnic group's acceptance merely by participating in an annual ethnic celebration may, under a stricter norm, be expected also to wear particular clothes, make frequent appearances at designated social events, distance herself from members of other groups, and even censure her co-ethnics who have chosen not to abide by the new norm. Insofar as she makes these adaptations, she will do so by shifting resources into *ethnic activities*.

When the transformation of a society's ethnic norms makes it devote an increasing share of its resources to activities deemed ethnically significant, the process may be called, for lack of a better term, *ethnification*. In principle, ethnification does not require a reallocation of physical resources. The members of a society may become *ethnified* simply by redefining their prevailing behaviors as ethnically meaningful and by becoming more alert to the ethnic symbolism of goods, actions, and events. In practice, however, the process generally also involves transfers of physical resources toward ethnically symbolic activities. For example, individuals who had not been wearing a hat will start doing so in order to cement their ethnic bonds; and they will give up work time to signal an



ethnic consciousness through participation in ethnic rallies.

Ethnification can be *private* or *public*. In carrying out more ethnic activity within the privacy of their homes, people generate private ethnification. Public ethnification, our concern here, entails increases in ethnically meaningful activities that are publicly noticeable. It need not produce social conflict or intercommunal violence. But it does prepare the ground for ethnic rivalry and antagonism. To the extent that ethnic groups become behaviorally differentiated, they are less likely to intermarry, because the required lifestyle adjustments are significant.<sup>3</sup> And the consequent social segregation will bolster each group's capacity for ethnic collective action, if only by helping it to prevent free riding.<sup>4</sup> Another by-product of behavioral differentiation is the stimulation of ethnic discrimination in hiring, because employers find it harder to judge job applicants from groups with which their social interactions are limited.<sup>5</sup> The resulting ethnic differences in employment patterns can harden over time by reshaping educational incentives and accentuating differences among ethnic subcultures.<sup>6</sup> The relationship between ethnification and ethnic conflict is not unidirectional, of course. Ethnic discrimination, activism, or violence may initiate widespread ethnification, just as they may exacerbate an ethnification process already under way. We shall see how ethnification and ethnic conflict can feed on one another.

A necessary condition for ethnification is ethnic heterogeneity. The population in question must contain identifiable subpopulations perceived as ancestrally separate.<sup>7</sup> After all, there can be no activity that identifies, asserts, or celebrates ethnicity within a population whose members consider themselves ethnically homogeneous.<sup>8</sup> Yet, by no means does perceived ethnic heterogeneity, or a change in the perceived ethnic mix of a population, guarantee ethnification. However ethnically diverse, a nation might see its level of ethnic activity diminish through de-ethnification. In the process, the ethnic distinctions within the nation will wither away, and its once solidly-differentiated ethnic components will come to form a larger, ethnically undifferentiated unit. *De-ethnification* will lead to one of two kinds of ethnic assimilation: one group may absorb the others, or the groups may merge to form what is considered a new, composite group. But this essay's focus is on the opposite phenomenon: ethnification that fuels dissimulation. We are concerned with the process by which the prevailing ethnic distinctions within a population gain salience and get reinforced by new distinctions.

An example of such a transformation is the accentuation of ethnic particularities in the former Yugoslavia, following decades in which ethnic distinctions had appeared to be losing significance.<sup>9</sup> The recent experiences of Turkey and the United States offer additional illustrations. In Turkey, the cultural particularities of the Kurdish minority became increasingly visible in the 1980s, after more than half a century during which Kurdish-Turks seemed to be getting assimilated into a Turkish nation defined by citizenship and an imagined common ancestry.<sup>10</sup> In the United States, various ethnic groups are now striving to retain their ethnic particularities, when their earlier generations had pursued assimilation by denying, downplaying, and privatizing their ethnically based behavioral differences. There is disagreement on whether the general significance of ethnicity has grown. Some observers point to signs of continuing ethnic assimilation, like historically high rates of intermarriage, especially among white Americans;<sup>11</sup> others caution that the political importance of ethnicity, and thus its salience to social scientists, may grow even as its overall importance in daily life diminishes.<sup>12</sup> No one disputes, however, that certain parts of the world—Sri Lanka, Pakistan, and Spain may be added to the above examples—have undergone public ethnification. The ongoing ethnification processes are probably among the reasons why ethnic conflict is more common in the final quarter of the twentieth century than it was in the third.<sup>13</sup>

## II. THEORIES OF ETHNIFICATION

At the heart of the argument developed below is the observation that individuals choose their ethnically significant behaviors under the influence of social pressures that they themselves help create and sustain. Accordingly, a person who wears ethnically symbolic clothing, discriminates against ethnically different neighbors, or helps to build an ethnic club may not be acting solely, or even mainly, out of an intrinsic impulse to distinguish himself ethnically or an intrinsic goal to maximize his economic returns from production or trade. Likewise, the person who tries to revive an ethnic dialect need not be motivated only by an intrinsic desire to reinforce his ethnic particularities. Individuals may undertake ethnically meaningful activities also to protect their reputations by accommodating perceived social pressures. Such adaptations can carry consequences for others. Helping to reshape society's ethnic norms, they may increase the social pressures to signal ethnic particularities.

The intrinsic satisfaction from engaging in ethnic activities can vary across individuals. It can also vary over time, for any given person. Obviously, anything that raises people's intrinsic utility from ethnic activity can produce ethnification. As we shall see, however, the ultimate consequences of the shock may be disproportionate to the initial jump in ethnic activity. The shock may produce a multiplier effect, because new ethnic activity will compound the social pressures to become ethnified, and the added social pressures may galvanize further ethnic activity. The circularity of the relationship between ethnic activity and social pressures allows massive ethnification to result from minor changes in intrinsically motivated ethnic behaviors.

As in any context where individual behaviors are interdependent, there may exist multiple social equilibria that carry radically different implications for the salience of ethnicity. In other words, more than one set of ethnic norms may be self-sustaining. Because the interdependencies among individual tradeoffs are observable only imperfectly, the stability of an incumbent equilibrium can never be measured exactly. A long-standing equilibrium that appears stable may actually be quite fragile, and ethnic norms may change in imperfectly predictable ways. If the existing norms do break down, the adjustments that individuals make to protect their reputations may start feeding on themselves. Such a transformation entails what I will define as a *reputational cascade*.

There have been other theories of ethnification. Invoking the secular expansion of government, some observers argue that ethnic groups provide a low-cost mechanism for controlling the allocation of government resources. By this account, individuals are regrouping ethnically in order to capture or preserve rents.<sup>14</sup> An alternative explanation stresses technological progress. In this second view, the communications revolution is facilitating the maintenance of ethnic relationships at long distances. At the same time, it is heightening ethnic identities by promoting contacts among people who are physically or culturally different, thus giving ethnic meaning to activities that had commanded no such significance.<sup>15</sup> A third explanation centers on the primordial need to belong. It proposes that, because of greater mobility and weakening family ties, this need is now harder to meet; and an effective compensation measure is to cultivate a subgroup identity through ethnically meaningful behaviors.<sup>16</sup> Still another explanation ascribes ethnification to institutional breakdowns that make individuals seek security in ethnic solidarity.<sup>17</sup>



Each of these four explanations identifies a motive that may make individuals increase their ethnic activities unilaterally, thus initiating an ethnification process that will go further through individual adjustments and readjustments. As such, they all complement the theory advanced here. By the same token, this essay identifies a mechanism that has not been analyzed systematically, using it to make sense of patterns that existing theories leave unexplained. The essay illuminates, for example, why equally prosperous populations often differ greatly in the importance they attach to ethnicity; why ethnic relations can deteriorate over periods too short for substantial modifications of family structure; why certain economically centralized societies, including those of the former communist bloc, have undergone periods of low ethnic activity; and why similar institutional breakdowns may produce different degrees of ethnification.

To make sense of such patterns it is not enough to identify the variables that shape individual motivations. It is necessary also to peer into the interactions among people's incentives. These interactions imply a bidirectional relationship between individual choices and group norms. As such, they illuminate why headline-grabbing turns in ethnic relations often surprise even area specialists and experts on ethnicity. In the 1960s, celebrated scholars, including ones in rival intellectual camps, failed to recognize the early manifestations of ongoing ethnification processes<sup>18</sup>—a pattern that previous theories would have us treat as anomalous.

Social pressures play a critical role in the analysis to follow, so it will be instructive to preface it with an inquiry into the reasons why people commonly show sensitivity to ethnic activity.

### **III. THE SOCIAL SIGNIFICANCE OF ETHNIC ACTIVITY**

When a Kurdish-Turk dresses in Kurdish colors or Mexican-American students establish a Mexican theme house, the choice will please certain people but make others feel threatened. Why might an outfit's ethnic symbolism or the ethnic character of a dormitory carry social significance? What makes publicly observable ethnic activity qualitatively different from an ethnically irrelevant activity like selecting among fruit varieties on the basis of taste? Why do public ethnic activities have reputational consequences for their performers, where the choices of fruit shoppers ordinarily do not?<sup>19</sup>

One of two possible reasons lies in the deep recesses of human nature. Experimental research

on intergroup relations has uncovered a pervasive tendency for individuals to cooperate more readily with members of their own groups than with nonmembers. In some experiments the bias appears even among groups created through random assignment.<sup>20</sup> Known as “ingroup bias,” this tendency suggests that any social division may have distributional effects capable of generating social approval as well as disapproval. Ethnic activity reinforces social divisions by embracing, celebrating, and underscoring group particularities rather than commonalities. In the process, it creates closeness among people who will never know each other personally, and it puts a distance among people who interact regularly; it produces “imagined communities,”<sup>21</sup> along with imagined separations. These imagined relationships influence patterns of cooperation. During the partition of India, for example, many Muslims residing in areas about to become part of independent India came to believe, largely on the basis of symbolism designed to make India’s Muslims appear a close-knit community, that their bonds with the Muslims of the future Pakistan were, or could be, stronger than those with their Hindu neighbors. Soon after they made their move, becoming Pakistan’s *muhajirs* (immigrants), mutual resentment replaced the friendly feelings between them and the natives. Moreover, their differences came into focus, obscuring the commonalities that had brought them together.<sup>22</sup> Even the new division is one that pits two imagined communities against one another. The typical *muhajir* of Karachi knows only a tiny fraction of the city’s millions of other *muhajirs*. Yet the perceived divisions within the city affects patterns of socialization, trust, and cooperation.

Why might an ingroup bias exist? This question cannot yet be given a definitive answer, but the logic of evolutionary psychology suggests an explanation involving the biological consequences of economic incentives that prevailed before the rise of agriculture.<sup>23</sup> Our distant ancestors who lived by hunting and gathering faced conditions that linked their survival chances to cooperation within their clans. Under the circumstances, individuals who showed caution in their dealings with other clans may have enjoyed higher survival odds. Being more dependent on their own than those who showed no such caution, they would have been less prepared to upset cooperative arrangements vital to their own survival. Insofar as this speculative reasoning is correct, natural selection would have made the human mind both alert to insider-outsider distinctions and conditioned to expect relatively better treatment from insiders. Consequently, thousands of generations later and under different social conditions, acts that emphasize ethnic divisions or heighten their importance could awaken



a hardwired ingroup bias, sowing fears and raising hopes of ethnic discrimination.

There are innumerable ways to divide any given community. Americans, for instance, can be divided according to party affiliation, attitude toward seatbelt laws, hobbies, and even fruit choices, to name just a few sources of difference. In principle, each such division may cause friction. Yet, ethnic distinctions form an especially potent source of discord. One possible factor consists of entry and exit costs. Whereas a buyer of pears can easily switch to apples, a Mexican-American may not be able to shed her identity easily. Her accent, if not her physique, could keep her from altering her perceived ethnic affiliation. Consequently, she might be especially sensitive to public displays of ethnic difference. Another possible factor could lie in inborn biases associated with family ties. It could be that people differentiated ethnically are expected to discriminate against each other by virtue of being presumed to have separate blood lines. Just as everyone expects the wills of parents to favor their own children, there may be a widely shared presumption that, in the absence of mitigating factors, individuals will favor their co-ethnics over ethnic others.

If the first possible reason for the social significance of ethnic activity is rooted in the evolutionary residues of past efforts to ensure collective action, the second involves current efforts to the same end. The success of certain collective tasks is dependent on widespread participation. One way to boost participation is to make the community's members show high communal solidarity and maintain appearances that readily distinguish them from nonmembers. Members then find it difficult to gain acceptance from another community; and their incentives to abide by the norms of their own community grow stronger, lest they endure rejection and find themselves alone.<sup>24</sup> By the logic of this argument, ethnic divisions will be seen as facilitating the provision of collective goods to ethnically defined subgroups, at the expense of community-wide collective goods. They will be interpreted as signs of subgroup loyalty that undermine group loyalty. Thus, Turks might take offense at clothing symbolic of Kurdishness for fear that the bolstered divisions will diminish Turkey's capacity to respond to social emergencies. They might view the cultivation of a distinct Kurdish identity as signaling a reduced commitment to the provision of collective goods desired widely by citizens of all ethnic backgrounds. By the same token, Turkish citizens sympathetic to ethnic segregation will welcome the very efforts that others find alarming.

Thus far, I have given reasons why ethnic activity is likely to be treated as significant. In and

of themselves, however, these reasons do not speak to the level of ethnic activity. Nor do they specify what ethnic norms will be followed. The next section offers a model that will be used to illuminate how ethnic norms emerge and get transformed.

#### IV. CHOOSING A MIX OF ACTIVITIES

Consider a large population composed of two ethnic groups,  $A$  and  $B$ . Every member of the population belongs to one group or the other, and the affiliation is common knowledge. There are three types of activities, the first being *generic activities*, represented by the vector  $g = [g^1, g^2, \dots, g^n]$ . These are activities without any ethnic significance, like choosing between an apple and a pear on the basis of ripeness or choosing friends on the basis of shared hobbies. The other two types of activities are the *ethnic activities* of the two groups:  $e^A = [e^{A1}, e^{A2}, \dots, e^{An}]$  and  $e^B = [e^{B1}, e^{B2}, \dots, e^{Bn}]$ . Examples might include attending ethnic gatherings, wearing ethnically distinct clothing, studying one's ancestral history, and seeking to hire from within one's own ethnic group. The symbol  $y$  will represent the ordered triple of the three vectors:  $y = [g, e^A, e^B]$ .

Each individual selects among the available activities by maximizing the utility they will yield to him, subject to a resource constraint of the form:

$$(1) \quad p^g \cdot g + p^{e^A} \cdot e^A + p^{e^B} \cdot e^B = p^y \cdot y \leq M,$$

where  $M$  denotes the individual's full income, defined as the maximum income he could achieve from all his resources, including time and attention; and  $p^g$ ,  $p^{e^A}$ ,  $p^{e^B}$ , and  $p^y$  are the relevant price vectors.<sup>25</sup> For the time being, the distribution of resources assumed fixed.

The utility function that individuals maximize has the tripartite form

$$(2) \quad U = I + \gamma R + \delta X,$$

where  $U$  is *total utility*;  $\gamma \geq 0$  and  $\delta \geq 0$  are person-specific parameters; and  $I$ ,  $R$ , and  $X$  are the three components of utility. For simplicity, imagine that the first and second components of  $U$  meet two conditions that microeconomics textbooks typically impose on individual utility functions: continuity and twice differentiability. And assume further that marginal intrinsic utility is diminishing in each activity. Let me now give some structure to each component of  $U$ .

The first component, *intrinsic utility*,

$$(3) \quad I = I(g, e^A, e^B) = I(y),$$

captures the satisfaction the individual derives from his chosen set of activities. Its source may be the normally generic comfort of having a refrigerator, or the pride derived from wearing an ethnic dress, among diverse possibilities. The function is assumed to be fixed in the short run, although it may vary in the long run through learning. The individual will ordinarily divide his resources between generic activities and the ethnic activities of his own group. If he pursues activities of the other group, society will treat these choices as generic.

The second component of total utility is *reputational utility*,

$$(4) \quad R = R^A(g, e^A, e^B; E^A, E^B) + R^B(g, e^A, e^B; E^A, E^B) = \\ R^A(y; E^A, E^B) + R^B(y; E^A, E^B),$$

where  $E^A$  and  $E^B$  measure the share of society's resources supporting each group's ethnic activity. With some of society's resources going to support generic activities, these shares will sum to less than 1. Reputational utility captures the satisfaction the individual obtains from others' reactions to his choices. Its two components,  $R^A$  and  $R^B$ , distinguish between the sources of reputational utility. For his chosen set of activities, the individual can be rewarded or punished both by his own group and the other group. The magnitudes of these sanctions will depend, of course, on the sizes of the groups. Even the nature of the sanctions may differ. A given choice of activities may be rewarded by one group and punished by the other.

The variables  $E^A$  and  $E^B$  provide the source of interdependence among individual choices. If they shift, the reputational consequences of the prevailing choices will change, possibly causing individuals to alter their behaviors. The reputational effects occur because the variables  $E^A$  and  $E^B$  define society's ethnic norms. Individuals reward and punish their co-ethnics according to how well they conform to their group's ethnic norms. Likewise, their responses to the ethnic activities of other ethnic groups depend on the prevailing norms. Accordingly, changes in ethnic norms will induce behavioral adaptations by altering the reputational utility obtainable from alternative selections.

The change in reputational utility produced by a small change in the level of a given activity is the *marginal reputational utility* for that activity. For each possible activity, marginal reputational utility has two additive components, one that captures the change in reputational utility through group  $A$ , and another that captures the corresponding change through group  $B$ . Each component can be either positive or negative, for the signs of  $\partial R^A/\partial g^i$ ,  $\partial R^A/\partial e^{Aj}$ , and  $\partial R^A/\partial e^{Bk}$  are left unrestricted,

and likewise for the corresponding partial derivatives of  $R^B$ . It is thus possible for individuals to get stigmatized by one or both groups for their chosen activities. Suppose, with ethnic activity at a low level, a student belonging to  $A$  wears an ethnically symbolic sweater offensive to her classmates from  $B$ . She will probably be condemned by both  $A$  and  $B$ . If  $e^{Aj}$  represents her chosen activity, these reactions mean that  $\partial R^A / \partial e^{Aj} < 0$  and  $\partial R^B / \partial e^{Aj} < 0$ . The postulated generality also allows a reputationally disadvantageous ethnic activity to become reputationally advantageous with changes in the aggregate variables. As such, it accommodates the qualitative transformation of reputational incentives that accompanies ethnification. Consider the ethnification that Yugoslavia experienced following Tito's death. In the early 1980s, Serbs carrying symbols of Serbian political iconography were treated with contempt even by many Serbs. By the early 1990s, however, with the ethnification of Yugoslavia well under way, Serbs were enduring punishments for *failure* to make Serbness the focus of their public identity, support Serbian objectives, and promote Serbian symbols.<sup>26</sup> In terms of our setup, the punishments themselves constituted ethnic activity.

The final component of total utility, *expressive utility*, captures the satisfaction that people derive from being themselves. As in other domains of activity, insofar as social pressures induce individuals to make different choices than they would on their own, they give up expressive utility.<sup>27</sup> With  $y^* = [g^*, e^{A*}, e^{B*}]$  representing an individual's *personal norm*, his expressive utility is given by

$$(5) \quad X = 1 \text{ if } y = y^*, \text{ and } X = 0 \text{ otherwise.}$$

According to this specification, the individual derives expressive utility in the amount of  $\delta$  if he chooses the set of activities that forms his personal norm; otherwise, he forfeits this source of utility. The parameter  $\delta$  thus measures the benefit the individual derives from expressions of individualism.<sup>28</sup>

The discontinuity of (5) indicates that the individual derives satisfaction from the knowledge that he has not compromised his individuality at all. Thus, he would sacrifice more intrinsic and reputational utility for the privilege of eliminating a 1 percent deviation from his personal norm than he would for reducing a 2 percent deviation to 1 percent. The postulated behavior is analogous to findings that consumers, travelers, and medical patients consider the elimination of a risk more attractive than the mere reduction of the probability of harm. Evidently people are willing to pay a

premium for discarding a specific harm, even though the consequent reduction in worry may come at the expense of overall safety.<sup>29</sup> One of the major sources of personal norms is socialization. Over time, people come to internalize their chosen behaviors, including the associated compromises with society. Any given individual's standard might change over time, but in the short run it will be more or less fixed.

Now that all three components of total utility have been unpacked, we are ready to discuss the choice process itself. Let  $y^{**} = [g^{**}, e^{A**}, e^{B**}]$  define the set of activities that maximizes  $U$ . At a long-standing equilibrium, for every feasible  $y$  of a given individual, it will be true that  $U(y^*) > U(y)$ . So the individual will set  $y^{**} = y^*$ . The discontinuity in  $U$ 's expressive component guarantees that for sufficiently low values of  $\gamma R$  the individual will continue adhering to his personal norm, keeping  $y^{**} = y^*$ . However, if aggregate ethnic activity changes through modifications of  $E^A$  and  $E^B$ , he may be better off with a new set of activities, one such that  $y^{**} \neq y^*$ . The individual's three-way tradeoff thus suggests critical levels of  $E^A$  and  $E^B$  beyond which he will be responsive to changes in them. Combinations of  $E^A$  and  $E^B$  for which the individual's reputational gains from choosing  $y^{**} \neq y^*$  exactly offset his expressive and intrinsic losses define his *thresholds of ethnic mobilization*,  $t = [\underline{E}^A, \underline{E}^B]$ .<sup>30</sup>

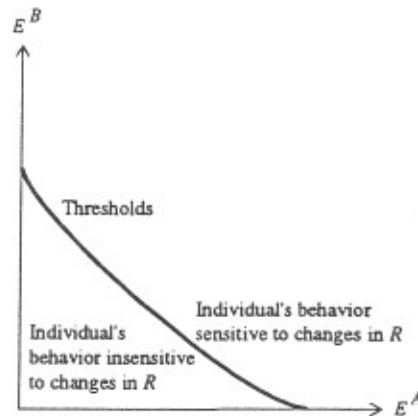


Figure 1.

One possible set of thresholds is shown in Figure 1.<sup>31</sup> For combinations of  $E^A$  and  $E^B$  that lie below the depicted function, the individual is immune to changes in reputational incentives. Above it, however, he is responsive to such changes. The figure indicates that for any given  $E^B$  there will



exist a critical  $E^A$ ,  $\underline{E}^A$ , which makes the individual just prepared to modify his behaviors. The nature of the modification will depend, naturally, on how  $E^A$  affects the reputational consequences of his activities. Suppose that  $E^A$  rises above  $\underline{E}^A$ , inducing our individual to substitute ethnic activities for generic ones. Further increases in  $E^A$  would then provoke additional responses. An analogous argument could be made for changes in  $E^B$ , holding  $E^A$  fixed.

## V. PERSONAL ETHNIFICATION

Any given individual's response to movements in aggregate ethnic activity will depend critically on how the changes modify his reputational incentives. Suppose that  $E^A$ , the share of society's resources devoted to group  $A$ 's ethnic activities, rises because of some factor exogenous to the model, say, an economic dislocation that makes certain members of  $A$  build up their ingroup relationships. How will another member of  $A$  react? There are two necessary conditions for him to respond through ethnification of his own. First, the net reputational effect of the adjustment must be positive; and, second, the reputational gain must swamp the sum of his intrinsic and expressive losses. A high enough  $\gamma/\delta$  will guarantee the latter condition by making reputational considerations sufficiently important. As for the former condition, its satisfaction will be ensured by the following set of inequalities:

$$(6) \quad \partial^2 R^A / \partial g^i \partial E^A + \partial^2 R^B / \partial g^i \partial E^A \leq 0 \text{ for all generic activities } i,$$

$$(7) \quad \partial^2 R^A / \partial e^{Aj} \partial E^A + \partial^2 R^B / \partial e^{Aj} \partial E^A \geq 0, \text{ for all ethnic activities } Aj, \text{ with at least one positive,}$$

$$(8) \quad \partial^2 R^A / \partial e^{Bk} \partial E^A + \partial^2 R^B / \partial e^{Bk} \partial E^A \leq 0 \text{ for all ethnic activities } Bk.$$

If these inequalities hold, the reputational advantages of participating in the ethnic activities of group  $A$  will rise relative to both generic activities and the ethnic activities of group  $B$ . So, provided the first condition is also met, the individual in question will respond to the rise in  $E^A$  by ethnifying his own lifestyle.

Within each of the inequalities (6)-(8), the first term is driven by the responses of group  $A$ , the second by those of group  $B$ . What do the terms capture? The aggregate ethnification that induces the individual to reconsider his mix of activities makes the ethnic norms of group  $A$  more demanding. It thus gives our individual, a member of  $A$ , reason to ethnify his own activities in an effort to remain in good standing within his ethnic group. At the same time, members of  $B$  may have

become more apprehensive about  $A$ 's ethnic activities, and thus inclined to distance themselves from the latter's members. As long as the utility consequences of the former reputational effect dominate those of the latter, a condition likely for someone who interacts more with his own group than with the other, inequalities (6)-(8) will hold. That is, our individual will gain more by adjusting to his own group's changing norm than he would thereby lose through the other group's adverse reactions. For a concrete illustration, suppose that the two groups consist of Serbo-Yugoslavs and Croatian-Yugoslavs. A Serb who spends more time with other Serbs than with Croats will, other things being equal, care more about her reputation among Serbs than about her reputation among Croats. So, if the norm that she must follow to be treated as a "good Serb" becomes more stringent, she may step up her ethnic assertiveness, even at the expense of the goodwill of her Croat neighbors.

Initiated by one group, ethnification may spread to the other. In the case discussed above, for example, the growing apprehensions of  $B$ 's members may make them attach progressively more value to their ingroup standings. Consequently, they may respond through ethnification of their own, even as their adjustments raise qualms among members of  $A$ . Conditions analogous to (6)-(8) are sufficient for a rise in  $E^A$  to provoke a rise in  $E^B$ . Likewise, another set of analogous conditions suffices for the rise in  $E^B$  to induce, in turn, a rise in  $E^A$ .

What I have described is a cascading of ethnic activity within and across groups—ethnification accompanied by dissimilation. The aggregate dynamics of the process will be modeled in the next section. Here we should recognize that personal ethnification has its limits. With marginal intrinsic utility diminishing for every activity, a decline in generic activity will raise its intrinsic utility at the margin. Accordingly, at some point in the ethnification process, the intrinsic cost of further ethnification will overtake the reputational benefits. Consider sleep, universally recognized as a biologically driven activity shared by all humans. As a person devotes increasing time to ethnic activity, there will eventually come a point where further reductions in the generic activity of sleep become unbearable, whatever the reputational advantages.

As a practical matter, sleep cannot be reclassified as an ethnic activity. Such reclassification is clearly possible, however, for many other activities often considered generic. Imagine that the members of our community frequent two pubs that happen to be owned by individuals belonging to different groups. With rising ethnification, they consider it safer and more comfortable to attend

the establishment owned by one of their own. The pubs thus become ethnically differentiated, and pub attendance gets converted from a generic activity into an ethnic one. For another example, consider two co-ethnics, longtime friends for professional reasons. In the course of ethnification, they begin attaching significance to their ethnic commonalities. They start viewing their meetings as ethnic activity, as do their acquaintances.<sup>32</sup>

Reclassifications can reinforce ethnification processes initiated by resource transfers into activities already considered ethnic. They can also make individuals find their behaviors ethnified without even trying. Consider an impoverished Hindu who has long worn a homespun hat, because its machine-made counterpart, which would give him relatively more intrinsic utility, is financially beyond his reach. When India's elites label the homespun a Hindu symbol, he suddenly finds his choice ethnified. Shifting reputational incentives make this advantageous anyway; luckily he is able to adapt to the new norm without further expense. For his part, a Muslim homespun-wearer now finds himself dressed like a Hindu. If he responds by changing his headgear, his choice will contribute to the redefinition of what it means to wear a homespun, thus advancing his society's ethnification.

## VI. THE DYNAMICS OF AGGREGATE ETHNIC ACTIVITY

Within any population or subpopulation, the prevailing thresholds of ethnic mobilization are bound to exhibit variation. Interpersonal differences in any component of utility will produce interpersonal differences in thresholds. By implication, social pressures that make one individual put on a homespun may fall short of inducing the same response from another. The latter individual may join the process at a later stage, with others waiting even longer. Insofar as each personal ethnification decision triggers reputationally induced ethnification on the part of at least one other person, the decisions collectively form a *reputational cascade*.<sup>33</sup> This form of cascade is distinguished from its informational variant, which is driven by interdependencies among individual information sets.<sup>34</sup> In theory, of course, ethnification need not involve a cascade, whether reputational or informational. If many members of a population were to respond to an outside shock simultaneously, the resulting collective ethnification would be instantaneous. But in practice the process occurs through multitudes of reactions and counter-reactions spread out over time.

Ethnification cannot occur through a reputational cascade unless members of society want to conform to the norms of their groups. In the parlance of game theory, they must want to keep their lifestyles coordinated with those of their co-ethnics. They must also be prepared to reward their co-ethnics who keep up with the evolving norms and to punish those who resist adaptations. With these conditions in place, the transformation of ethnic norms that occurs in the course of ethnification raise individual incentives to conform. A share of these new activities will involve efforts to sanction others for their behavioral choices. It is this subset of the new activities that accounts for the shifts in marginal reputational utility captured by the inequalities (6)-(8).<sup>35</sup>

Let us now examine the dynamics involved. As we have seen, individuals may start to reallocate their resources if they come to perceive that the norms of ethnic activity are changing. I shall postulate that the relevant information is encapsulated by the expectations of  $E^A$  and  $E^B$ , denoted by  $\hat{E}^A$  and  $\hat{E}^B$ . At least along an equilibrium path, every member of the population, regardless of ethnic affiliation, will form the same pair of expectations. As these expectations change, so may the levels of reputational utility that individuals expect to derive from given activity patterns. Through these reputational effects, changing expectations will induce changes in the actual levels of ethnic activity.

Insofar as the actual levels differ from the underlying expectations, the system will be in disequilibrium, keeping expectations fluid. While the process of expectation revision would merit a study of its own, it is reasonable to expect that if a particular realization is lower than the corresponding expectation, the expectation will get revised downward; and if the realization exceeds the expectation, the expectation will get lowered.<sup>36</sup> The system attains an equilibrium whenever the expectations that govern people's choices are self-confirming.

Nothing in the framework guarantees a unique equilibrium. Many possible response patterns will yield multiple equilibria. I will illustrate one of these graphically. The case is a special one, chosen because it can be depicted in only two dimensions. By virtue of its simplicity, however, it will put into bold relief the major differences between previous theories of ethnification and the one being developed here.

The special feature of the case is that any given individual responds to identical changes in  $\hat{E}^A$  and  $\hat{E}^B$  in the same way. The motives for the responses may differ, of course. A member of group

$A$  may interpret a rise in  $\hat{E}^A$  as a sign that her own group expects her to become more ethnified, but the same absolute rise in  $\hat{E}^B$  as indicating a higher risk of being victimized by group  $B$ . What is critical is that these changes have identical behavioral consequences. If this condition holds, the equilibrium condition can be expressed as

$$(9) \quad E = f(\hat{E}) = \hat{E},$$

where  $E = E^A + E^B$  stands for the share of society's resources supporting ethnic activity of any kind;  $\hat{E} = \hat{E}^A + \hat{E}^B$  represents the corresponding expectation; and  $f(\hat{E})$  is a *diffusion function* that describes the relationship between  $\hat{E}$  and  $E$ .

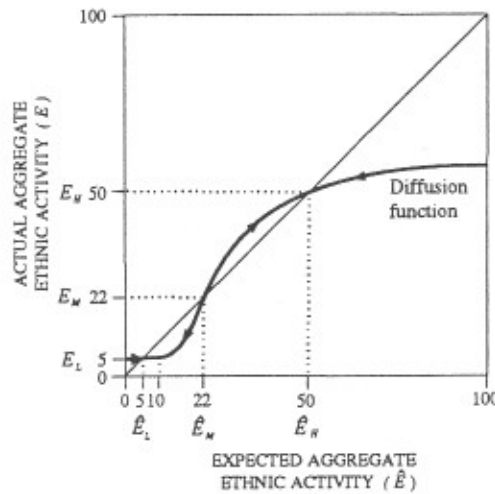


Figure 2.

One possible form of the diffusion function is in Figure 2. For any possible expectation between 0 and 100, the function shows the corresponding realization. It starts out flat, indicating that at low levels of ethnic activity no one responds to slight changes. People are all following their personal norms, for the expected level of ethnic activity lies below even the lowest threshold. Collectively, the members of society produce the ethnic activity  $E_L$ , which is a self-sustaining social norm. If  $\hat{E}$  were to rise above  $\hat{E}_L$ , individual thresholds would eventually get reached, and the diffusion function would turn upward. At any given expectation, the function's slope measures the increase in aggregate ethnic activity that occurs at that expectation. The increase might reflect the mobilization of additional individuals, or greater ethnic activity on the part of already mobilized individuals, or both at once.

The equilibria are located where the diffusion function crosses the principal diagonal. The



three crossings are labeled  $E_L$  for “low ethnic activity,”  $E_M$  for “moderate ethnic activity,” and  $E_H$  for “high ethnic activity.” At an expectation for which the function is off the diagonal, aggregate ethnic activity is out of equilibrium, for the realization differs from the expectation that produced it. According to the simple revision criteria given above, the expectation will get lowered whenever the function lies below the diagonal, and it will be raised whenever it lies above. The low and high equilibria are stable. As the arrows superimposed on the diffusion function show, expectations in the vicinity of  $\hat{E}_L$  or  $\hat{E}_H$  generate reactions that result in the equilibrium’s restoration. However, the moderate equilibrium is unstable; moving the expectation slightly below or slightly above  $\hat{E}_M$  will produce adjustments toward  $\hat{E}_L$  or  $\hat{E}_H$ . In Figure 2, then, aggregate ethnic activity will reach  $E_H$  only if the expectation somehow rises above  $\hat{E}_M$ . Such tipping is less likely the greater the distance between  $\hat{E}_L$  and  $\hat{E}_M$ , that is, the larger the lowest equilibrium’s basin of attraction.

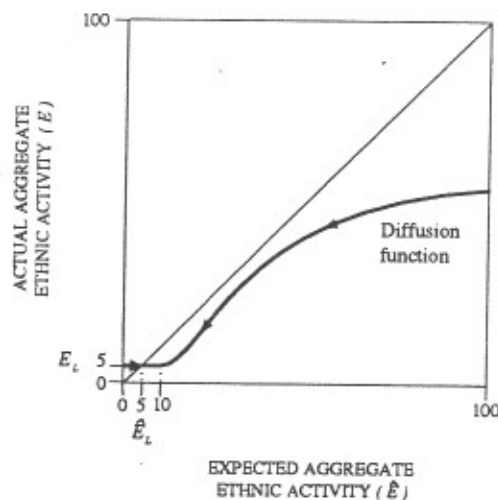


Figure 3.

The number of equilibria is sensitive to the diffusion function. Turn to Figure 3, which depicts a function that can be generated from the one of Figure 2 through an upward shift in the distribution of thresholds, or a decline in the responsiveness of individuals whose thresholds have already been crossed, or some combination of these changes. The function yields a single equilibrium, which is stable. Thus, adaptations caused by expectational perturbations can only be temporary. Sustained ethnification is impossible, unless something outside the present model reshapes the diffusion function. One possibility is for demographic, economic, or technological

shocks to raise the intrinsic utility that people derive from ethnic activity. Another is for ethnification processes in other societies to make people increasingly predisposed to think in ethnic categories, thus giving ethnic meaning to behaviors they used to consider generic.<sup>37</sup> Still another possibility is a shock that makes ethnic organizations more efficient at rewarding individuals for ethnic activity, or organizations opposed to ethnification less efficient at punishing ethnically divisive acts. The last case receives attention in Section IX below.

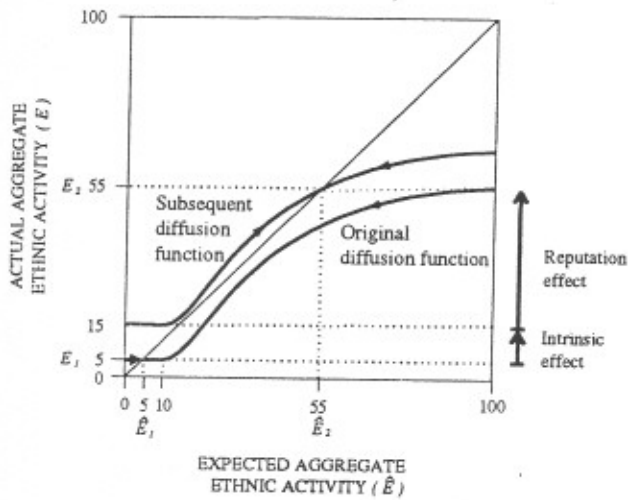


Figure 4.

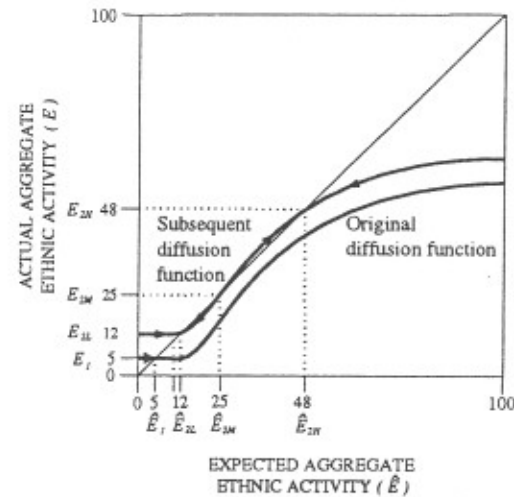


Figure 5.

Figure 4 depicts two diffusion functions, the lower of which is that of Figure 3. Suppose that increases in the marginal intrinsic utility of ethnic activity push the diffusion function upward. The figure indicates that even in the absence of adjustments made for reputational reasons, aggregate ethnic activity would jump from 5 to 15. But an expectation of 15 is not self-sustaining. It produces slightly greater ethnic activity. In fact, *any* expectation lower than 55 would produce further upward revisions. Ultimately, the figure shows, revisions in people's personal norms will end up generating a much greater increase in aggregate ethnic activity. The new aggregate of 55, like the old one of 5, represents a unique equilibrium. The transformation in intrinsic utility functions has thus replaced a low equilibrium with an appreciably higher one, triggering substantial ethnification. The move from 5 to 55 unites two effects: an *intrinsic effect* and a *reputation effect*. The former carries ethnic activity to 15, and the latter carries it much further, to 55. It is the reputation effect that involves a cascade.

For a final illustration, turn to Figure 5. Here, too, the lower curve is the diffusion function of Figure 3, and the higher one reflects a general rise in the intrinsic utility that individuals obtain from ethnic activity. We see that the shift replaces the original unique equilibrium with three new equilibria. Because  $\hat{E}_1$  is no longer self-sustaining, aggregate ethnic activity rises toward the lowest of the new equilibria,  $\hat{E}_{2L}$ . But there is no reputation effect, and the process stops there. Comparing Figures 4 and 5, we see that modest absolute differences in the intrinsic effect can produce huge absolute differences in the reputation effect. In Figure 4, a 10-point intrinsic effect produces a 40-point reputation effect. In Figure 5, a somewhat smaller intrinsic effect generates no reputation effect at all.

## VII. IMPLICATIONS

Certain qualifications and refinements of the foregoing analysis will be offered shortly. But let us pause here to identify the model's implications.

### A. Stability and Change

A basic implication, which is consistent with the commonness of harmonious ethnic relations, is that *a society exhibiting low ethnic activity generates forces tending to preserve the established pattern.* Although shocks to individuals can instigate a measure of ethnification, thus altering ethnic norms and reputational incentives, people's resistance to social pressures can prevent the ethnification from becoming self-extending. Anything that fosters resistance to social pressures, whether socialization patterns that promote individual autonomy or nonethnic sources of group identity, will help preserve a state of low ethnic activity.

By the same token, *a relatively un-ethnified society may be capable of much greater ethnic activity.* The possibility of multiple equilibria means that the prevailing equilibrium can give way to another merely through a change in expectations. Such an outcome could not occur, of course, if ethnification were merely a product of factors that bolster people's intrinsic motives for engaging in ethnic activity. In models that ignore social interactions, there is but one social equilibrium and, hence, expectations play no critical role.

*However long a society remains in a state of low ethnic activity, once the forces sustaining that equilibrium are overcome, its transition to an equilibrium featuring high ethnic activity can*

*occur without further shocks, simply through individual adjustments and readjustments to evolving ethnic norms.* Having displayed low ethnic activity for decades, the society may reach a stage where ethnicity enters a vast array of decisions, from leisure and dress to residential location and political affiliation. The break-up of Yugoslavia along ethnic lines exemplifies how ethnic groups that have lived together as one nation can quickly become socially segregated. In accounts of Yugoslavia's dissolution, a frequent theme is that when Slobodan Milošević first articulated his pro-Serbian agenda, most Serbs objected or reacted with indifference. They had been living more or less in harmony with Croats, Bosnians, Albanians, and others; and only some considered the injustices their ancestors suffered at the hands of other groups as relevant to themselves. The same accounts also indicate that the pro-Serbian movement gathered momentum rapidly. Within months, millions of Serbs who had shown little ethnic fervor began paying attention to ethnic statistics, promoting symbols of Serb exclusiveness, vilifying and ostracizing non-Serbs, referring frequently to the sufferings of their ancestors, and supporting the enlargement of Serbian-held territories. Even the ethnic composition of streets took on importance, and many mixed marriages fell apart.<sup>38</sup>

If previous models of ethnification explained the fate of the Yugoslav melting pot, there would be evidence of major technological, economic, demographic, or institutional shocks that massively raised the intrinsic benefits of millions of Serbs simultaneously. The absence of such evidence is an observation common to almost all independent accounts of the Yugoslav crisis. It is true that certain Serb officials and intellectuals considered a collapse of Yugoslav state within the realm of possibility. In line with theories that attribute ethnification to institutional breakdowns, such expectations obviously stimulated the observed ethnification. But apprehensions about Yugoslavia's political stability were not widely shared until the start of these agitations. By themselves, then, the institutional changes of the mid-1980s do not explain the massive ethnification that followed. Within the context of the present theory, the instituted changes may be interpreted as a factor that ethnified a minority of the Serbs. This limited ethnification activated millions of previously un-ethnified individuals, ultimately producing a collective ethnification that was highly disproportionate to the initial shocks endured by a small minority.

#### *B. Fears and Antagonisms*

Another implication is that *the fears and antagonisms that accompany high levels of ethnic activity*

*may be a result of ethnification rather than its root cause.* According to the analysis, individuals who got along well with ethnic outsiders may suddenly start articulating ethnic grievances and signaling interethnic mistrust in order to obtain reputational benefits reserved for the ethnically mobilized. In the Yugoslav case, the signs of deepening hatreds and rising animosities included the assignment of great significance to historical episodes that had not been receiving much attention. Certain accounts of the ethnification of former Yugoslavia make much of Serbian resentments over an event that occurred in 1389: the Battle of Kosovo, in which the Ottoman Turks narrowly defeated a Serbian army to win control of the Balkans. What these accounts overlook is that the battle's significance grew enormously in the course of the Yugoslav ethnification. There have been periods when peoples of the Balkans interacted peacefully without making an issue out of a battle fought centuries ago. The now-observable insecurities and resentments have not been a constant of Balkan history.<sup>39</sup> A similar observation may be made with regard to the Muslim-Hindu tensions that preceded India's partition. Whereas the official Pakistani position remains that India's Muslims and Hindus always formed two separate nations, in reality the Muslim League that shepherded Pakistan's creation initially had difficulty making this case. Indeed, the Muslim League's arguments enjoyed little appeal among the Muslim masses until a string of political events swelled its ranks through a reputational cascade.<sup>40</sup> Although one can point to prior acts of discrimination and hostility against Muslims, these had not been so widespread as to make the majority afraid to continue living within an ethnically mixed society.

When individuals expand their ethnic activities, the reason might well be that they are acting on anxieties based on the activities of other ethnic groups. Yet, during an ethnification process their own reactions to such fears, like the counter-reactions to the fears that *they* compound, will cause mistrust to grow explosively. Reputational cascades generate, and get stimulated by, *cascades of fear*. It is significant that Yugoslavia's Serbs showed selectivity in perceiving offenses against themselves. Individual Serbs who invoked the scars left by Ottoman rule typically ignored the losses produced more recently by Russian-promoted ideologies and by West European economic protectionism. As this example suggests, the causal relationship between ethnification and ethnic resentments is bidirectional. Just as resentments may breed ethnification, so ethnification itself may aggravate existing grievances and generate new ones.



Nothing in the analyzed model limits ethnification to populations composed of groups that already exhibit major behavioral differences. In the presence of behavioral interdependencies, *self-reinforcing social pressures can drive apart ethnic groups whose lifestyles had been nearly indistinguishable*. Once again, the former Yugoslavia illustrates the point. For decades, the groups that formed Yugoslavia lived side by side, worked together, and socialized in ethnically mixed settings. Moreover, substantial numbers embraced the diversity of Yugoslav culture as a source of national strength. As Yugoslavia disintegrated, group differences gained increasing significance. Ethnic distinctions that outsiders would consider minor grew dramatically in meaning, providing pretexts for discrimination, separation, and eventually even violence.

### *C. Explanation and Prediction*

Observers of individual actions cannot distinguish infallibly between those influenced by social pressures and those that reflect only intrinsic tradeoffs. One reason is that the utility functions of individuals are not public knowledge. And another is that individuals engage in *ethnic preference falsification*, the misrepresentation of intrinsic ethnic preferences under perceived social pressures.<sup>41</sup> A Kurdish-Turk engages in ethnic preference falsification when, for example, she claims to be wearing a Kurdish symbol out of ethnic pride, when in fact she is merely trying to avoid censure. In principle, one can alter one's activities in response to social pressures without falsifying one's motives. In practice, however, people bowing to social pressures often pretend that their motives are solely intrinsic, lest they be identified as would-be turncoats who cannot be trusted.

From the standpoint of interpreting ethnic activity, preference falsification supplies data consistent with intrinsic motives, and it hides those that are inconsistent. Therefore, insofar as ethnic preference falsification is present, *analysts of ethnification who base their interpretations on self-accounts of behavior will find it easy to explain the transformation*. With ethnic groups exhibiting increasing mistrust toward one another, becoming segregated, and interpreting events in ethnic terms, analysts will be able to identify any number of conditions and grievances that might have motivated the ethnification. Observers who believe in primordial factors will find their viewpoints vindicated, as will those who subscribe to one of the instrumentalist theories of ethnification. However, the motives cited as explanations may not have had causal significance before the start of ethnification. The explanations are likely, therefore, to be incomplete, if not misleading.

The foregoing theory illuminates also why *ethnification may catch all concerned parties by surprise, including both participants and observers*. The thresholds that determine individual activity levels are not common knowledge. Nor, therefore, is the diffusion function that determines the self-sustaining levels of aggregate ethnic activity. It is one thing to know that social pressures influence ethnic activity, quite another to know exactly what this means for the persistence of prevailing behaviors. One may sense that many members of a society are capable of adopting an ethnic appearance and discriminating against ethnic others without knowing what it would take to bring about such behavioral changes. Poorly detectable, if not undetectable, differences between two threshold distributions could ensure the persistence of low ethnic activity in one society while producing a dramatic upsurge in another. In both Figures 2 and 3, the diffusion function has a positively sloped segment; each of the two cases thus points to the existence of individuals who, under the right conditions, would raise their levels of ethnic activity. As a practical matter, however, one cannot confidently distinguish between the two configurations. As long as aggregate ethnic activity remains low, one will not know for sure whether the status quo has one or more stable alternatives.

I mentioned that distinguished scholars have failed to anticipate the rise of ethnic separatism in countries on which had expertise. The heightening of Scottish and Welsh opposition to assimilation, the rise of Basque ethnonationalism, the accentuation of divisions among the Muslims of the Soviet Union, and the increasing power of Kurdish nationalism in the Middle East are all examples of ethnic phenomena that have caught knowledgeable observers off guard, if not by surprise.<sup>42</sup> Anticipation failures also occur outside of scholarship. In 1984, when Sarajevo was hosting the Winter Olympics, few of the foreign visitors saw signs that the city would soon become a focal point of ethnic conflict. Nor did the residents of Sarajevo sense what was to come. The model developed above provides insight into the commonness of such predictive failures.

Pointing to great variations in patterns of ethnification and ethnic dissimilation both within and among the multi-ethnic states that have broken up into nation-states, a distinguished student of ethnicity argues that it will be difficult to forecast the future evolution of ethnic relations in, for example, the successor states of the Soviet Union.<sup>43</sup> Helping to explain his observation, the present essay also lends support to his argument. In establishing that small differences between two

populations may produce large variations in their observed behaviors, this essay suggests that statistical relationships between aggregate ethnic activity and its determinants are bound to exhibit high standard variation. To be sure, any given data set can be explained statistically by constructing appropriate polynomials of sufficiently high order. But such exercises would merely internalize the ignorance of analysts, for they would lack theoretical justification. Moreover, every new data point would require a reconfiguration of the chosen polynomial. In any case, statistical wizardry is of little help to forecasting. To identify reasons why our predictions of ethnification processes are bound to remain fallible is not to say, of course, that our predictions cannot be improved. One promising road to better forecasts would be to undertake broader investigations into the formation of reputational incentives.

### VIII. REINFORCEMENTS AND COUNTER-EFFECTS

The purpose of this essay has been to analyze ethnification, not to assert its inevitability. It bears emphasis that a shock from outside the model is needed to activate the described cascading process. Once ethnification is under way, the analysis showed, it may feed on itself, possibly generating a disproportionate rise in aggregate ethnic activity. The argument assumed, however, that both individual resources and market prices are fixed. If these factors are allowed to change during ethnification, the model's implications may be affected. Let us consider the possibilities.

#### *A. Resource Effects*

In making choices individuals are constrained by their resources. The hours in a day limit the time available for ethnic politics, and a painting loaded with ethnic symbolism may be unaffordable. Some forms of ethnification will not alter the resources at the disposal of an individual or group. For example, when individuals substitute ethnically meaningful clothes for ones devoid of ethnic significance, there need not be direct effects on the underlying resources. However, other forms of ethnification might produce substantial resource effects. In the course of an ethnification process growing interethnic mistrust will reduce intergroup exchanges. The shifts in exchange patterns will generate inefficiencies in production and dampen the dissemination of new ideas, with adverse effects on individual earnings.<sup>44</sup> If individual resources do indeed decline, those devoted to ethnic activity may well fall, although the sign of the effect is an empirical matter.<sup>45</sup> In any case, whatever

the absolute effects, the *shares* of people's resources devoted to ethnic activity may either rise or fall, depending on the characteristics of individual utility functions. In sum, resource effects may either dampen or strengthen an ethnification process.

#### *B. Market Price Effects*

Insofar as ethnification entails the substitution of ethnic activities for generic ones, another of its by-products might be shifts in the market prices given by the vectors  $p^g$ ,  $p^{eA}$ , and  $p^{eB}$  in (1) above. If the demand for ethnic art rises and that for generic art falls, at least in the short run the relative price of ethnic art is likely to rise. The increase would dampen ethnification, possibly affecting the set of equilibria. There could also be a countervailing price effect through the efforts of entrepreneurs seeking to capitalize on the ethnification process. If ethnic art gains in popularity, more of it will be made, discovered, and marketed, mitigating any price increase. In any case, supply constraints will never pose an insurmountable obstacle to ethnification, for the process can be carried forward simply by transforming generic activities into ethnic ones. The simple act of wearing a hat can be endowed with immense ethnic symbolism.

#### *C. Learning Effects*

In ethnifying their lifestyles, people can develop a taste for activities they had started pursuing merely to protect their social standings. Through expanded interactions with their co-ethnics, they may learn, for example, to appreciate their ethnic heritage and to enjoy ethnic gatherings. Such learning would influence the intrinsic component of individual utility functions. Insofar as it raised the intrinsic utility that individuals derive from ethnic activities, the ethnification process would speed up. Remember that massive ethnification can take place even in the absence of learning effects. And the reputational cascade that produces it can run its course very quickly, before substantial learning can even begin.

#### *D. Ethnification with Assimilation*

The presentation has focused on cases where ethnification generates ethnic dissimilation. The model also points, however, to conditions under which ethnification will foster assimilation. Suppose that group *B* is much smaller than group *A*. Given this sharp discrepancy, even if all members of society interact disproportionately with their co-ethnics, members of *B* may have more to lose from alienating *A* than they would gain from preserving their status within *B*. Imagine, then, that collective



ethnification starts with a rise in ethnic activity within *A*. Suppose also that conditions (6)-(8) hold for all members of *A*, as in section V above. Suppose, finally, that the *same* conditions hold for members of *B*,<sup>46</sup> who respond by shedding the distinguishing features of their behaviors and adopting the characteristic behaviors of *A*. Thus, the adaptations of *B* bring its activities increasingly in line with the norms of group *A*. This new scenario matches the responses of many Kurdish-Turks after the dismembered Ottoman Empire gave way to the Turkish Republic. With a Turkification campaign in progress, many of them avoided behaviors symbolic of Kurdishness.<sup>47</sup> These choices fueled Kurdish assimilation into the Turkish majority—a trend that in the 1980s Kurdish separatists managed to arrest through ostracism of, and even violence against, Kurds striving to pass as Turks.

Carried to its limit, an assimilation process results in the obliteration of all observable group differences. In the absence of physical distinctions, the groups thus become indistinguishable. But such an outcome is not possible, at least not immediately, if the groups are differentiated by unalterable physical features like skin color. In this case, the response of an apprehensive minority might be to substitute generic activities for its own ethnic activities, rather than the ethnic activities of the majority.<sup>48</sup>

By themselves, abstract models that identify several possibilities cannot say which will prevail in any given context. They do indicate, however, where to look for clues. The model of this essay draws attention to the reputational incentives associated with behavioral options. It says that both the extent and nature of ethnification will depend on how individual choices interact with the reputational incentives generated by each ethnic group.

## IX. ETHNIC LEADERS AND FOLLOWERS

I have not distinguished between ethnic leaders and followers. Yet, ethnification processes typically harbor prominent individuals who help promote new symbols, redefine norms, interpret events, and shape expectations. How might such individuals fit into the model?

There is no reason why features such as sensitivity to ethnic divisions and the desire to distinguish one's own ethnic group should be constant across individuals. Whether physical or psychological, traits that have evolved over thousands of generations need not be present equally in members of a given generation. Indeed, the very notion of a reputational cascade is predicated on

differences in responsiveness to social stimuli. Individuals with the lowest thresholds of ethnic mobilization will contribute early on to an ethnification process. On account of their unusual readiness to adjust the mix of their activities, they form one of several categories of ethnic leaders. They are leaders not in the sense of actively trying to change the prevailing norms but, rather, in the sense of being prepared to lead a reputational cascade through their own behavioral choices. They may be called *passive leaders*, as distinct from *active leaders*, or simply *activists*.

The latter concept encompasses the agents that the literature on ethnic conflict characterizes as “elites,” “agitators,” or “vigilantes.” As these terms make clear, activists engage in the promotion of ethnic divisions and tensions, often in the hope of reaping personal advantages.<sup>49</sup> Ethnic activists form two subcategories. Acutely sensitive to the relative positions of ethnic groups, *distributionally-motivated* activists are ready to turn perceived imbalances into a social issue. Like other self-motivated social activists, they respond through political activity aimed at countering perceived threats from other groups or at bringing about ingroup gains. Their efforts often include ones destined to fuel ethnification. The second subcategory consists of *opportunistic* activists. While not unusually concerned about ethnic activity themselves—although they may pretend to be interested or alarmed—they see the apprehensions and aspirations of other leaders as an opportunity for self-advancement. These leaders work toward ethnification in the hope that deepening social cleavages will generate positions of power and enrichment, which they themselves will be qualified to fill.

Whatever their motivations, ethnic activists play a game that occurs outside the purview of the model presented here. This game may be played, in fact, for many years before any non-leaders, or followers, participate in ethnification. Ethnic activists know that if their group is to become ethnified, they must trigger a cascade by changing the prevailing distribution of thresholds or, in the event another equilibrium exists, by shifting expectations. To get a cascade started, they fight over access to the media, over symbols, and over the rewriting of textbooks. They emphasize the commonalities of interest within groups and the conflicts among them. They draw attention to ethnic differences in such traits as physique, language, and religion, making these seem as obstacles to interethnic cooperation. And they try to fortify memories of ethnic antagonism. Insofar as such consciousness-raising efforts work, members of society become increasingly predisposed to perceiving the actions of ethnic outsiders as discriminatory. Moreover, they start thinking that ethnic

outsiders reject and belittle them, becoming progressively inclined to seek comfort from ethnically exclusive activities. To feel hurt by discrimination, one need not be among the presumed victims. Ethnically sensitized persons may take offense also at discrimination directed at their co-ethnics, including the deceased. In addition to trying to shift expectations, ethnic activists will strive to enhance the rewards for approved ethnic activities and to worsen the punishments for disapproved ones.

Such campaigns are not assured of success. Ethnic activists ordinarily encounter opposition from the activists of other ethnic groups as well as from activists pursuing a wide variety of nonethnic causes. The latter activists include *anti-ethnic leaders*, who are individuals self-motivated to reduce the significance of ethnic divisions among citizens. In multiethnic societies, they are typically “nationalists” who favor assimilation into a nation or politically dominant ethnic group. Opposition to ethnification may also come from *universalist leaders* seeking to dampen both ethnic and national identifications. In addition, the efforts of ethnic leaders may face interference from movements concerned with distinctions based on factors other than presumed ancestry, like religion, language, region, gender, and class. Indeed, the efforts of such other leaders could produce reputational cascades that divert resources from ethnic activities to the expression of nonethnic distinctions. The game played among these various political leaders, though critical to a comprehensive study of ethnification, cannot be studied here.<sup>50</sup> But one point merits comment. While the above developed model effectively treated the outcome of that game as exogenous, it did not consider it fixed. The shock that triggers an ethnification process may be some outcome of a long-standing game among various activists.

Referring back to Figure 5, we can see how activists might trigger an ethnification process that shifts the prevailing ethnic norms. Suppose that the level of aggregate ethnic activity is initially  $E_{2L}$ , and that ethnic activists want the level to rise. Insofar as they sense the existence of a higher equilibrium, they will do what they can to foster the perception of an explosive rise in ethnic activity. For instance, they will exaggerate the commonness of ethnic friction, make a point of finding an ethnic motive in every cross-ethnic crime, draw attention to ethnic segregation, and identify ethnic biases in government policies. Their chances of lasting success depend, of course, on the size of the expectational jump necessary to start a cascade toward  $E_{2H}$ ; expectations below  $\hat{E}_{2M}$  will generate

downward rather than upward cascades. Thus, ethnic activists might try hard to create a durable perception of high ethnic activity without ever achieving their aim. Like Sisyphus, who kept pushing a stone uphill only to see it roll back down, they might have to make repeated new beginnings.

However, if they somehow manage to raise the expectation beyond the tipping point  $\hat{E}_{2M}$ , the rise will become self-extending, and the expectation will eventually settle at  $\hat{E}_{2H}$ . From then on, moreover, it is the new expectation—the expectation of persistently high ethnic activity—that will be resistant to change. All individuals, including leaders and followers, will expect aggregate ethnic activity to be high, and their responses will make this expectation self-fulfilling. Even individuals who never paid much attention to ethnic particularities will feel compelled to assert their ethnicity, participate in ethnic rallies, stigmatize their co-ethnics whose lifestyles violate the new ethnic norms, and explain events in ethnic terms. Through such actions they will reproduce the perception of a society obsessed with ethnic divisions. Insofar as ethnic preference falsification is present, the stability of the new equilibrium will be strengthened. If individuals who have undergone personal ethnification under rising social pressures pretend that they were motivated solely by intrinsic factors, the experienced ethnification will appear irreversible, when in fact a lower equilibrium might still exist.

## X. TESTING FOR REPUTATIONAL CASCADES

Remember that the received theories of ethnification attribute variations in aggregate ethnic activity essentially to changes in population characteristics. In terms of this essay's model, they identify secular trends that alter either individual resource constraints or the intrinsic component of individual utility functions. The previous models constitute a special case of the one here, namely, one in which individual utility has no reputational or expressive component ( $\gamma=0$  and  $\delta=0$ ). To be sure, in the history of any particular country one will find long stretches of time for which such a truncated model may be adequate. But the truncated model is likely to fare poorly in relation to major transitions that occur over short periods. Nor can it explain why aggregate ethnic activity may differ dramatically between countries that differ minimally in terms of measurable population characteristics. This essay's broader model addresses such difficulties by recognizing the reputational and expressive dimensions of individual utility.



I have proposed that to explain any major ethnification process one must look beyond characteristics of the relevant population. Interdependencies among individual incentives crucially influence personal choices and, hence, the pace and nature of ethnification. Consequently, small variations in characteristics may produce large variations in aggregate activity. Major jumps will occur either through the replacement of one equilibrium by another that involves substantially more aggregate ethnic activity, or through a transition between co-existing equilibria. Insofar as this implication of the model enjoys empirical support, the prevalence of ethnic activity will be poorly correlated with differences in population characteristics. Societies that differ only slightly in features like age distribution, economic development, ethnic heterogeneity, and cultural variation might vary immensely in the pervasiveness and social significance of ethnic activity. By the same token, ones that differ greatly in such characteristics might exhibit minimal behavioral differences. In sum, statistical exercises that use cross-sectional or time series data to identify explanatory population characteristics are likely to miss something critical.

Arguments that allow for multiple equilibria are sometimes criticized on the grounds that they account for much and rule out little. In fact, such arguments typically make explicit the reasons why complete explanation is impossible. If factors more or less hidden from public view, like expectations and thresholds of ethnic mobilization, can determine which of several equilibria gets established, one can never explain fully why one pattern of ethnic activity rather than another took hold. In any case, the presentation has made clear that the model does not specify how ethnification gets started. Rather, it pinpoints a mechanism by which ethnification progresses, once activated by factors outside the model.

Models that accommodate multiple equilibria are theoretically not inconsistent with strong correlations between population characteristics and social outcomes. However, because interdependencies among individual choices render the effects of the characteristics variable, they make strong correlations improbable. It follows that the model of this essay is testable. It can be refuted most easily by establishing a strong correlation between specific population characteristics and levels of ethnic activity. If one discovers, for instance, that economically stagnant countries undergo ethnification whereas advancing countries do not, the model would have to be reconsidered. An additional test is provided by the unobservability of certain variables that drive individual

choices. This unobservability limits our ability to provide exact forecasts of either the start or the progress of an ethnification process. The argument can also be refuted, therefore, by developing a model capable of precise forecasts.

To make the case that interdependencies among individual choices are critical to explaining shifts in ethnic norms does not amount, of course, to a confirmation of this particular model. Any model that exhibits interdependencies across individuals can accommodate nonlinear relationships between population characteristics and behavioral outcomes. Fortunately, the model has additional properties that can contribute to its evaluation. The model suggests that people's reputational incentives may swamp their market incentives. By this proposition, as rising ethnic activity drives up the market prices of ethnically symbolic goods like ethnic art, individual demand may rise. In the absence of reputational effects, one would expect demand to fall. One can also test whether the cascades responsible for ethnification are reputational or simply informational. Insofar as reputational effects are present, there will be evidence of punishments imposed on people refusing to abide by the prevailing norms.

Finally, this paper's focus on ethnification should not be taken to mean that ethnic activity moves only upward. Factors that raise ethnic mobilization thresholds may set in motion a de-ethnification process. Nor does the argument imply that social pressures always promote ethnic activity. Given that individuals are both rewarded and punished for their behaviors, the net effect of the prevailing pressures may be to encourage either ethnification or de-ethnification. Where social pressures devalue ethnic activity, as they did in Yugoslavia under Tito, observed ethnic activity may fall short of the level that would prevail if all individuals were abiding by their personal norms. Moreover, such a situation may be self-reproducing. What triggers de-ethnification in a highly ethnified society? The answer must lie partly in the first-stage game that ethnic leaders play against nationalist, universalist, and other leaders—a game not studied here. Perhaps another part of the answer lies in the horrors that extreme ethnification can produce. In Europe after World War II, certain assertions of ethnic difference became suspect, partly in reaction to the crimes perpetrated in the name of German and Italian nationalism. But the logic of such reversals must be left for another occasion.

## NOTES

1. Throughout the paper, "ethnic group" refers to an ethnically defined component of a larger population, usually a "nation." In practice, some ethnic groups harbor "nationalist" movements pursuing autonomy or independence, and observers often refer to such groups as subjugated or oppressed "nations." Accordingly, in the successor states of the Soviet Union ethnic heterogeneity is commonly construed as national heterogeneity. I owe this point to Rogers Brubaker.
2. K. K. Aziz, *The Making of Pakistan: A Study in Nationalism* 148 (1967).
3. In the United States, Hispanic-white marriages are much less common than ones between ethnically different whites, because, in addition to economic differences, there are perceptible cultural differences between Hispanics and whites, language being the most salient. By contrast, among Americans of European descent ethnic differences are generally not considered a barrier to successful intermarriage because lifestyle differences among subgroups have become negligible. In fact, marriages among ethnically different whites are now rarely considered intermarriages. Most whites, even ones who give hyphenated answers to inquiries about their ethnicity, show limited interest in living as "ethnics," so intermarriages among whites with different ancestries are generally considered no riskier than marriages between ones who share an ethnic ancestry. See Richard D. Alba, *Ethnic Identity: The Transformation of White America*, chs. 4-5 (1990).
4. Michael Hechter, Debra Friedman, & Malka Appelbaum, *A Theory of Ethnic Collective Action*, 16 *International Migration Review* 425 (1982); and Michael Hechter, *Principles of Group Solidarity* (1987).
5. Bradford Cornell & Ivo Welch, *Culture, Information, and Screening Discrimination*, 104 *Journal of Political Economy* 542 (1995), demonstrate that such screening discrimination might occur even if employers are unprejudiced and it is common knowledge that applicants from different groups have identical skill distributions. A complementary argument by Bradford Cornell, *A Hypothesis Regarding the Origins of Screening Discrimination*, 7 *Rationality and Society* 4 (1995), suggests why employers might be relatively more efficient at evaluating applicants from their own groups. Conditions in the Pleistocene era of human history might have given an evolutionary advantage to individuals able to judge the trustworthiness of people with whom they interacted regularly.
6. Thomas Sowell, *Race and Culture: A World View* (1994), offers a detailed argument supported by numerous examples.
7. Being a fixed attribute, ethnic ancestry is independent of perception. But beliefs regarding ethnic background are variable attributes that are subject to perceptual error. The joke about a nation being a people united by a common mistake of its origins can be told in relation to almost any ethnic group. William Pfaff, *The Wrath of Nations: Civilization and the Furies of Nationalism* (1993), gives examples of the myths that underlie beliefs concerning ancestry. These myths underlie the observation of Max Weber, *Economy and Society: An Outline of Interpretive Sociology*, vol. 1, 389 (1922; trans. Guenther Roth and Claus Wittich, 1968), that ethnicity is based on a "subjective belief

... in common descent.”

8. The behavioral norms of the population might distinguish it from outsiders. And if the outsiders are themselves differentiated ethnically, the norms might carry ethnic significance for them.

9. An often noted indication of the initial assimilation process was a growing tolerance of ethnic intermarriages. As Noel Malcolm records in *Bosnia: A Short History* 222 (1994), in the late 1980s 30 percent of all the marriages in urban Bosnia, the focal point of ethnic strife in the former Yugoslavia, were ethnically mixed. This finding is consistent with surveys analyzed by Randy Hodson, Duško Sekulić, and Garth Massey, *National Tolerance in the Former Yugoslavia*, 99 *American Journal of Sociology*, 1534 (1994), which found ethnic tolerance in Bosnia extremely high by the standards of the region. For an account of the subsequent transformation, see Misha Glenny, *The Fall of Yugoslavia: The Third Balkan War* (rev. ed. 1993).

10. Sadi Koçaş, *Kürtlerin Kökeni ve Güneydoğu Anadolu Gerçeği*, chs. 11-13 (1990).

11. Alba, *supra* note 3.

12. See, for example, Milton J. Esman, *Ethnic Politics* (1994).

13. Ted Robert Gurr, *Peoples Against States: Ethnopolitical Conflict and the Changing World System*, 38 *International Studies Quarterly* 347 (1994), provides statistical evidence. For impressionistic support, see Pfaff, *supra* note 7, and Daniel Patrick Moynihan, *Pandaemonium: Ethnicity in International Politics* (1993).

14. For early variants, see Robert H. Bates, *Ethnic Competition and Modernization in Contemporary Africa*, 6 *Comparative Political Studies* 457 (1974), Daniel Bell, *Ethnicity and Social Change, in Ethnicity: Theory and Experience* 144 (Nathan Glazer & Daniel P. Moynihan ed. 1975); and Nathan Glazer and Daniel P. Moynihan, Introduction, in Glazer & Moynihan, *supra*, 8-18. Related to this argument is the theory of ethnic competition, which asserts that ethnic differences gain importance when one group tries to exclude others from lucrative opportunities. Susan Olzak, *The Dynamics of Ethnic Competition and Conflict* (1992), develops one variant of the theory of ethnic competition, demonstrating that in the United States white-dominated labor unions emphasized ethnic distinctions as a means of limiting competition from blacks and new immigrants.

15. Walker Connor, *Nation-Building or Nation-Destroying?*, 24 *World Politics* 343 (1972), argues that the contacts occasioned by modernization lead to greater awareness of group distinctions.

16. The link between ethnic identity and the need to belong has been explored by Harold Isaacs, *Idols of the Tribe: Group identity and Political Change*, chs. 3-4 (1975), and Pierre L. van den Berghe, *The Ethnic Phenomenon*, chs. 2-4 (1981). For a critique of these and related works, see George M. Scott, Jr., *A Resynthesis of the Primordial and Circumstantial Approaches to Ethnic Group Solidarity: Towards an Explanatory Model*, 13 *Ethnic and Racial Studies* 147 (1990).



17. For variants of this theory, see Barry R. Weingast, *Constructing Trust: The Politics and Economics of Ethnic and Regional Conflict*, in *Where Is the New Institutionalism Now?* \_\_ (Virginia Haufler, Karol Soltan, & Eric Uslaner ed. 1997); and James D. Fearon, *Commitment Problems and the Spread of Ethnic Conflict*, in *Ethnic Fears and Global Engagement: The International Spread and Management of Ethnic Conflict* \_\_ (David A. Lake & Donald Rothchild ed. 1997).

18. For documentation, see Walker Connor, *Ethnonationalism*, in *Understanding Political Development* 196 (Myron Weiner & Samuel Huntington ed. 1987). Walker Connor, *Self-Determination: A New Phase*, 20 *World Politics* 32 (1967), provides earlier examples of predictive failures; and David D. Laitin, *National Revivals and Violence*, 36 *Archives Européennes de Sociologie* 7 (1995), offers an example from Spain. In the same vein, Mark Beissinger, *How Nationalisms Spread: Eastern Europe Adrift the Tides and Cycles of Nationalist Contention*, 63 *Social Research* 115 (1996), observes that the Soviet Union, now considered an “empire,” was until recently treated as a “state” by analysts who commonly expected its ethnic divisions to wither away. Still another predictive error belongs to the modernization theorists of the mid-twentieth century, who considered ethnic consciousness a premodern trait that development would destroy. See Myron Weiner, ed. *Modernization: The Dynamics of Growth* (1966), for a variant of the modernization argument, and Donald L. Horowitz, *Ethnic Groups in Conflict* 96 (1985), for a critique.

19. Private ethnic activities, which are those carried out in privacy, will not have reputational consequences. The person who sleeps in ethnically symbolic pajamas will not intimidate anyone, provided he refrains from showing them off in public.

20. Brian Mullen, Rupert Brown, & Colleen Smith, *Ingroup Bias as a Function of Salience, Relevance, and Status: An Integration*, 22 *European Journal of Social Psychology* 103 (1992), offer a meta-analysis of 137 tests of the ingroup bias hypothesis. They also survey the theories developed to explain the bias. See also Henri Tajfel, ed., *Social Identity and Intergroup Relations* (1982).

21. The concept belongs to Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (2d ed. 1991).

22. Sarah Ansari, *Political Legacies of Pre-1947 Sind*, in *The Political Inheritance of Pakistan* 189 (D. A. Low ed. 1991).

23. Evolutionary psychology proposes that evolution has equipped the human mind with domain-specific mechanisms for gathering and processing information. These mechanisms typically entail biases that may be dysfunctional under conditions different from those faced by early humans. See Jerome H. Barkow, Leda Cosmides, & John Tooby, eds. *The Adapted Mind: Evolutionary Psychology and the Generation of Culture* (1992).

24. For many insights, see Hechter, *supra* note 4, esp. chs. 4 and 6; and Laurence R. Iannaccone, *Sacrifice and Stigma: Reducing Free-Riding in Cults, Communes, and Other Collectives*, 100 *Journal of Political Economy* 271 (1992).

25. For certain ethnic activities, the monetary outlays will be negligible, their cost involving mostly the value of time and attention. The act of rating one's neighbors on the basis of their ethnic signals can be performed without spending any money. This act requires one to focus on a particular subset of personal characteristics. Given the limitations of the human capacity for attention, to focus on people's ethnic symbols will force one to pay less attention to their other dimensions.

26. See Glenny, *supra* note 9, 43. The second chapter of the book provides an account of how Serbs slow to shed their Yugoslav identity endured harsh punishments. According to Paul Mojzes, *Yugoslavian Inferno: Ethnoreligious Warfare in the Balkans* 167 (1994), Serb paramilitary units that swept into multiethnic Bosnian villages first killed the Serbian residents in favor of ethnic integration and only then turned on the non-Serbian residents.

27. In laboratory experiments conducted by social psychologists, subjects who submit to social pressures subsequently report having felt uncomfortable with their decisions. And related physiological studies show that they exhibit symptoms of stress, such as sweating and accelerated heartbeat. For a fuller interpretation of these data, see Timur Kuran, *Private Truths, Public Lies: The Social Consequences of Preference Falsification*, ch. 2 (1995).

28. The personal norm  $y^*$  will have reputational consequences. So a person can feel autonomous without being asocial. If the pressures change, and he modifies his behavior, he will have deviated from his personal norm, thus sacrificing autonomy.

29. Donald A. Redelmeier, Paul Rozin, & Daniel Kahneman, *Understanding Patients' Decisions: Cognitive and Emotional Perspectives*, 270 *J. Amer. Medical Association* 73 (1993).

30. An interior threshold, a  $t$  for which  $E^A > 0$  and  $E^B > 0$ , satisfies the condition

$$I(y^*) + R(y^*; \underline{E}^A, \underline{E}^B) + X(y^*, y^*) = I(y^{**}) + R(y^{**}; \underline{E}^A, \underline{E}^B) + X(y^*, y^{**}).$$

The equality need not hold for a corner threshold, a  $t$  for which  $E^A = 0$ , or  $E^B = 0$ , or both.

31. The function is negatively sloped, indicating that  $E^A$  and  $E^B$  are substitutes as regards the individual's reputational utility. In principle, the function could be positively sloped. But the analysis will concentrate on the case shown.

32. Horowitz, *supra* note 18, provides numerous examples of the transformation of generic activities into ethnic ones. See, in particular, his discussion on the "long reach of ethnic affiliations," pp. 6-12.

33. Reputational cascades have been analyzed in diverse settings. Examples include George A. Akerlof, *The Economics of Caste and of the Rat Race and Other Woeful Tales*, 90 *Quarterly Journal of Economics* 599 (1976); Thomas C. Schelling, *Micromotives and Macrobehavior* (1978); Ulrich Witt, *The Evolution of Institutions as a Propagation Process*, 62 *Public Choice* 155 (1989); and Timur Kuran, *Sparks and Prairie Fires: A Theory of Unanticipated Political Revolution*, 61 *Public Choice* 41 (1989).

34. Informational cascades have been studied by, among others, Sushil Bikchandani, David Hirshleifer, & Ivo Welch, *A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades*, 100 *Journal of Political Economy* 992 (1992). Kuran, *supra* note 27, features both types of cascades and explores their interactions. From different yet complementary perspectives, W. Brian Arthur, *Positive Feedbacks in the Economy*, 262 *Scientific American* 92 (1990), and Gary S. Becker, *Accounting for Tastes*, esp. ch. 1 (1996), offer additional comments on the theoretical and empirical significance of interdependencies among individual optimization criteria.

35. Many additional insights into the dynamics of adjustment to changing coordination norms are given by Edna Ullmann-Margalit, *The Emergence of Norms*, ch. 3 (1977). See also Cass R. Sunstein, *Free Markets and Social Justice*, ch. 2 (1997); and Eric A. Posner, *Symbols, Signals, and Social Norms in Politics and the Law*, \_\_\_ *Journal of Legal Studies* \_\_\_ (1998).

36. Various adjustment mechanisms are compatible with this general specification, from totally myopic, adaptive adjustment to ones that accommodate considerable foresight. The simplest would be that the expectation in one period equals the realization in the previous one. Out of equilibrium, this mechanism would gradually form a new equilibrium, depending on the prevailing basin of attraction.

37. On the role of international demonstration effects, see Timur Kuran, *Ethnic Dissimilation and Its International Diffusion*, in *Ethnic Fears and Global Engagement: The International Spread and Management of Ethnic Conflict* \_\_\_ (David A. Lake & Donald Rothchild ed. 1997).

38. See Glenny, *supra* note 9, esp. 3, 23, 19, 73, 90; Mojzes, *supra* note 26, esp. 108-109, 126; and Malcolm, *supra* note 9, preface, ch. 15.

39. On myths concerning the battle and its meaning, see Malcolm, *supra* note 9, esp. preface, ch. 2. Glenny, *supra* note 9, 31-37, discusses the battle's contemporary significance and Dennison Rusinow, *The Ottoman Legacy in Yugoslavia's Disintegration and Civil War*, in *Imperial Legacy: The Ottoman Imprint on the Balkans and the Middle East* 78 (L. Carl Brown ed. 1996), explores the broader role that the Ottoman legacy of the Balkans played in Yugoslavia's dissolution.

40. Ian A. Talbot, *The Growth of the Muslim League in the Punjab, 1937-46*, in *India's Partition: Process, Strategy, and Mobilization* 230 (Mushirul Hasan ed. 1993).

41. See Kuran, *supra* note 27, for a fuller definition of preference falsification—a phenomenon also present in domains other than ethnicity. The book focuses on the phenomenon's social implications.

42. See the citations in *supra* note 18.

43. Rogers Brubaker, *Aftermaths of Empire and the Unmixing of Peoples: Historical and Comparative Perspectives*, 18 *Ethnic and Racial Studies* 203 (1995).

44. Sowell, *supra* note 6, develops this point.

45. In principle, ethnic activity could be an inferior good, in which case the resource effect would be positive.

46. In section V, we had supposed that *analogous* conditions apply to the members of *B*—ones that made them shift resources into *their own* activities.

47. Mesut Yeğen, *The Turkish State Discourse and the Exclusion of Kurdish Identity, in Turkey: Identity, Democracy, Politics*, 216 (Sylvia Kedourie, ed. 1996).

48. Sufficient conditions for this response to obtain are for the inequalities (8)-(10) to become  
 $\partial^2 R^A / \partial g^i \partial E^A + \partial^2 R^B / \partial g^i \partial E^A \geq 0$  for all generic activities *i*, with at least one positive  
 $\partial^2 R^A / \partial e^{Aj} \partial E^A + \partial^2 R^B / \partial e^{Aj} \partial E^A \leq 0$ , for all ethnic activities *Aj*  
 $\partial^2 R^A / \partial e^{Bk} \partial E^A + \partial^2 R^B / \partial e^{Bk} \partial E^A \leq 0$  for all ethnic activities *Bk*.

49. See Horowitz, *supra* note 18, ch. 6; V. P. Gagnon, Jr., *Ethnic Nationalism and International Conflict*, 19 *International Security* 130 (1995); and David D. Laitin, *supra* note 18.

50. For many preliminary insights, see David D. Laitin, *The National Uprisings in the Soviet Union*, 44 *World Politics* 139 (1991).