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11 April 2008

Online at <https://mpra.ub.uni-muenchen.de/8238/>
MPRA Paper No. 8238, posted 12 Apr 2008 00:08 UTC

Socially-Tolerable Discrimination*

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April 11, 2008

Abstract

History is replete with overt discrimination on the basis of race, gender, age, citizenship, ethnicity, marital status, academic performance, health status, volume of market transactions, religion, sexual orientation, etc. However, these forms of discrimination are *not equally* tolerable. For example, discrimination based on immutable or prohibitively unalterable characteristics such as race, gender, or ethnicity is much less acceptable. Why? I develop a simple model of conflict which is driven by either racial (gender or ethnic) discrimination or generational discrimination (i.e., young versus old). When the conflicts are mutually exclusive, I find that racial discrimination is socially intolerable for a much *wider range* of parameter values relative to generational discrimination. When they are *not* mutually exclusive, I find that racial discrimination can be socially intolerable while generational discrimination is socially tolerable. The converse is not true. My results are *not* driven by a stronger intrinsic aversion to discrimination on the basis of immutable characteristics. I am able to explain why some forms of discrimination (e.g., racism) are much less tolerable than other forms of discrimination (e.g., age discrimination) without making any value judgements about either form of discrimination.

Key words: conflict, contest, discrimination, gender, race, generation.

JEL Classification: D72, D74, K41.

*I thank the Social Sciences and Humanities Research Council of Canada for financial support.

1. Introduction

History is replete with overt discrimination on the basis of race, gender, age, ethnicity, material status, citizenship, academic achievement, health status, volume of market transactions, religion, sexual orientation, etc. However, these forms of discrimination are not equally tolerable. Discrimination based on immutable or prohibitively unalterable characteristics (e.g., race or gender) is less acceptable than those based on alterable or non-permanent characteristics (e.g., age and academic achievements).¹ In his justification of age discrimination, Swift (2006, p. 231) notes that "... age discrimination legislation does not seek to address the difficulties faced by a discrete group identified by some fixed quality. We are all people 'of age' and in the course of life it is likely that everyone will encounter the benefits and detriments of age ..."²

Some discrimination may be politically feasible or tolerable because the group that is the target of perceived discrimination may accept it on account of religious or cultural beliefs. Hence what is considered discriminatory may be debatable. In the same vein whether a characteristic is immutable or not is debatable. For example, the Harvard Law Review (1969, p. 1167) observed that "... some elements such as social class ... though in theory neither hereditary nor unchangeable in the sense that race is, may in fact depend very much on the luck of birth and may often be changed only with

¹On this point, the Harvard Law Review (1969, p. 1126-1127) observed that "... race and lineage are congenital and unalterable traits over which an individual has no control and for which he should not receive neither blame nor reward. ... This theory may explain why classifications based on alienage – a legal status generally subject to change – and on poverty have received more lenient treatment than those based on race."

² This thinking is similar to the thinking of a majority poor which does not vote for massive redistribution because of the prospect of moving up the economic ladder (Benabou and Ok, 2001).

difficulty.”³

To be sure, the tolerance of discrimination depends on legal, philosophical, political, and socio-economic factors. As Balkin (1997, p. 2314-2315) notes “... social groups ... compete with each other for social esteem and material resource, for privilege and prestige ... the constitution is committed to the realization of a democratic culture (i.e., *equal protection*), even though constitutional law – and indeed, law generally – cannot realize this goal by its own efforts. Large-scale changes in social structure require social transformation over long periods of time, and law forms only a part of that phenomenon.” Parenthesis and italics mine.

In this paper, I examine the tolerance for different forms of discrimination from a political-economy point of view as opposed to a legal or philosophical point of view. Yet since politics is interwoven with the law, this distinction need not be clear-cut. This is consistent with Balkin’s (1997, p. 2315) argument that to “...understand the Constitution’s proper role in foraging a democratic culture, we must understand ... how social groups struggle for power and status ...” I shall return to this point in section 3.

I develop a simple model where conflict arises because of either racial (gender) discrimination or generational discrimination (i.e., young versus old). When racial conflict and generational conflict are mutually exclusive, I find that racial discrimination is socially intolerable for a much *wider range* of parameter values relative to generational discrimination. When they are *not* mutually exclusive, I find that there are parameter values for which racial discrimination is socially intolerable (i.e., salient) but generational

³ As another example, even though one could convert from Christianity to Islam or Judaism or from being a Sunni to being a Shia, such conversion could be prohibitively costly or impossible for several people since it requires the renunciation of certain fundamental beliefs. Balkin (1997) criticizes the use of immutability as a basis for judging discrimination. I return to this point in section 3.

discrimination is socially tolerable. In contrast, there are *no* parameter values for which the converse is true. My results are not driven by a stronger intrinsic distaste for discrimination on the basis of immutable characteristics. I am able to explain why some forms of discrimination (e.g., racism) are much less tolerable than other forms of discrimination (e.g., age discrimination) without making any value judgements about either form of discrimination.

My paper is related to Esteban and Ray (2008). In their paper, individuals are grouped according to ethnicity and class (rich or poor). Conflict can erupt along ethnic or class dimensions but not both. Under reasonable parameter values, they find that ethnic conflict is more likely than class conflict. The intuition for this result is the necessity of a complementarity between financial capital (provided by the rich) and conflict labor (provided by the poor) in the production of effective conflict activity. This complementarity exists among ethnic groups since there are rich and poor people in this group but is not available within economic classes. This complementarity leads to the surprising result that class conflict is less likely than ethnic conflict when there is more inequality between the rich and poor.

However, my paper differs from Esteban and Ray (2008) in the following respects.⁴ First, in Esteban and Ray (2008), the dimensions (i.e., ethnicity and class) along which individuals are classified are permanent. In my case, there is one dimension (i.e., age) which is not permanent. Second, my paper examines a different social phenomenon namely the relative tolerance of different forms of discrimination. Third, in

⁴ Basu (2005) considers an incomplete-information model where racial conflict arises because people use aggregate information about an individual's race to form judgements about the behavior of that individual. In his model, there is only one marker (e.g., race) which is a possible source of conflict. Besides, my model has no incomplete information.

Esteban and Ray (2008), success or failure in conflict based on class (ethnicity) does not affect an individual's status-quo ethnic (class) payoff. In my model, success in the racial conflict affects payoffs on the generational dimension. Finally, the intuition behind my results is different from Esteban and Ray (2008).

The next section presents a model of racial and generational conflict that is fuelled by racial and generational discrimination. Section 3 discusses the results and section 4 concludes the paper.

2. A model of racial and generational conflict

Consider a society with an overlapping generation structure. In each period, there are $2N$ blacks and $2N$ whites who are either young or old. The young and old are equally divided within each race.⁵ Each agent lives for only two periods, and discounts the future at the rate, δ , where $0 \leq \delta \leq 1$.⁶ Each young person, regardless of race, is endowed with $\Omega > 0$ units of capital which translates into Ω units of output.⁷ Each young person is taxed at the rate of t per unit of output, where $0 < t < 1$. Due to racial discrimination, old whites receive a transfer of T units of output while old blacks receive nothing. Notice also that there is generational discrimination since the young do not receive any transfers. In the status quo, budget balance requires that $2t\Omega N = NT$. So each old white receives $T^* = 2t\Omega$. I assume that the status-quo tax rate, t , is not affected by a change in the status quo as a result of racial conflict. This is similar to Esteban and Ray's (2008) assumption

⁵The analysis remains unchanged if race is replaced with gender or ethnicity. Indeed, I sometimes use race, gender, and ethnicity interchangeably.

⁶ This discount factor is analytically equivalent to the probability that a young person will survive into old age.

⁷ As discussed in section 3, differential endowment of capital according to race will not affect my results. It will rather strengthen it.

that the size of the ethnic and class budgets (in their model) is not affected by ethnic or class conflict. However, in a generational conflict (as modeled below), there will be no taxes if the young are successful because there will no longer be transfers to the old.

When conflict erupts, it may take the form of lobbying, riots, demonstrations, political activism, litigation, or violence. As in Acemoglu and Robinson (2000) and Esteban and Ray (2008), I assume that each group in the conflict solves the free-rider problem, so there is a group leader who chooses group effort in the conflict.

As in Esteban and Ray (2008), I assume that if one form of conflict occurs, then the other cannot occur. Methodologically, this appears to be the right assumption to make because it makes it easy to focus on the relative salience of each form of discrimination in generating conflict. However, I relax it later in the paper.

A racial conflict, if it occurs, *precedes* race-based transfers and taxes. Similarly, a generational conflict, if it occurs, *precedes* age-based transfers and taxes. This makes sense since there is no point in engaging in conflict if either the tax or transfer policy or both cannot be changed.

I assume that there are no racial conflicts after the end of racism (i.e., after blacks are successful in a racial conflict). Similarly, there are no subsequent generational conflicts if the young are successful in a generational conflict.

The timing of actions is as follows:

Stage 1: Alliances form along racial or generational lines.

Stage 2: Each side adopts a “hostile” or “peaceful” stance. If either side is hostile, they receive conflict payoffs. Otherwise, they receive “peace payoffs”.

2.1 Racial conflict

Looking ahead an alliance will only form if the alliance intends to adopt a hostile attitude. I solve the game backwards beginning in stage 2. Note that stage 1 is trivial because I do not present a model of alliance formation. I simply assume that alliances form if either party wants to adopt a hostile stance.

Let E_b and E_w be the aggregate effort of blacks and whites in a racial conflict. Let P_b and P_w be the conflict success probabilities of blacks and whites respectively. I

assume that the conflict success function is of the ratio-form, $P_b = \frac{E_b + \eta}{E_b + E_w + 2\eta}$ and

$P_w = \frac{E_w + \eta}{E_b + E_w + 2\eta}$, where $\eta \geq 0$ is positive parameter which captures the extent to

which the conflict technology or the politico-legal institutions are sensitive to rent-seeking effort (i.e., lobbying, litigation, riots, etc).⁸

Without loss of generality, I set $N = 1$. If blacks are successful in a racial conflict,⁹ then each old black gets a transfer of $T_b^* = t\Omega$.¹⁰ So the *total* valuation of old and young blacks is $T_b^* + \delta T_b^* = (1 + \delta)t\Omega$. In the context of the US civil rights movement, this may be seen as a simple way of capturing the benefits of the right to

⁸Esteban and Ray (2008) assume that $\eta = 0$. See Amegashie (2006) for a discussion of the case of $\eta > 0$. The ratio-form contest success function has been axiomatized in Skaperdas (1996) and given micro-foundations in Fullerton and McAfee (1999) and Baye and Hoppe (2003).

⁹My model is a simplification of the historical evidence since there were whites involved in the civil rights movements in, for example, the USA and South Africa. For simplicity, I assume that there are no crossovers by either race in the racial conflict. For a proposal of such crossover in the context of discrimination against homosexuals, see Ayres and Brown (2005).

¹⁰ Given that the tax rate is fixed and there are now twice the number of old people eligible for transfers, each old person gets a transfer of $T^*/2$.

vote,¹¹ the abolition of slavery or desegregation.¹² Each old white loses transfer payments of $T^* - T_b^* = t\Omega$. So the *total* valuation of young and old whites is $(1 + \delta)t\Omega$.

The two groups play a simultaneous-move game with complete-information. The leader of group i chooses E_i to maximize¹³

$$\Pi_i = \frac{E_i + \eta}{E_b + E_w + 2\eta} (1 + \delta)t\Omega - E_i, \quad (1)$$

$i = b, w$.

In a Nash equilibrium, the following pair of inequalities must hold: $\partial\Pi_w/\partial E_w \leq 0$ and $\partial\Pi_b/\partial E_b \leq 0$, with strict equality at an interior solution. The unique equilibrium effort levels¹⁴ are

$$E_b^* = E_w^* = \frac{1}{4}(1 + \delta)t\Omega - \eta > 0, \quad (2)$$

if $0 \leq \eta < \frac{(1 + \delta)t\Omega}{4}$, and

$$E_b^* = E_w^* = 0, \quad (3)$$

if $\eta \geq \frac{(1 + \delta)t\Omega}{4}$.

Hence, there could be racial conflict or peace depending on the value of η .

¹¹This is consistent with the view that the extension of voting rights led to the redistribution of resources to disenfranchised groups (e.g., Acemoglu and Robinson (2000)).

¹²In an alternative model, this will be the benefits to whites of ending affirmative action.

¹³I ignore the savings decision or the intertemporal allocation of $(1 - t)\Omega$ by the young because this has no effect on the analysis.

¹⁴It is easy to see that the equilibrium is unique by defining $X_i = E_i + \eta$. Then group i 's payoff is $\Pi_i = [X_i/(X_b + X_w)](1 + \delta)t\Omega - X_i - \eta$. This formulation shows that the game is the standard Tullock rent-seeking contest which is known to have a unique equilibrium. The main difference is that $\eta > 0$ could lead to an equilibrium with no conflict (Amegashie, 2006).

2.2 Generational conflict

Another possibility is a conflict between the young and the old (i.e., generational conflict).¹⁵ In this case, all young blacks and young whites join forces and all old blacks and old whites join forces. I follow the same notation above except that I replace the “b” and “w” subscripts with “o” and “y”.

If the young are successful in the conflict, then young whites will no longer pay taxes to support the old. Young blacks gain nothing since they receive no transfers in old age because racial discrimination still exists and their tax obligations is still $t\Omega$. I assume that this tax revenue is equally distributed among whites, so that each white person gets $t\Omega/2$ in transfers. Similarly, if the old are successful, the old blacks gain nothing because they receive no transfers as a result of racial discrimination. Hence, young whites save $t\Omega$ in taxes and get $t\Omega/2$ in transfers.¹⁶ But given that racial discrimination exists, young whites lose $2\delta t\Omega$ (i.e., discounted transfer in old age), if they are successful in the conflict. So the valuation of young whites is $(1.5 - 2\delta)t\Omega$. On the other hand, old whites save the transfer of $T^* = 2t\Omega$ if they are successful in a generational conflict. If they lose, they get $t\Omega/2$. Hence their valuation of success in the conflict is $1.5t\Omega$.¹⁷

From the preceding discussion, it follows that both old and young blacks will not participate in a generational conflict. Hence, the leader of the old group chooses E_o to maximize

$$\Pi_o = \frac{E_o + \eta}{E_o + E_y + 2\eta} 1.5t\Omega + 0.5t\Omega - E_o, \quad (4)$$

¹⁵An example of this conflict is socio-political actions by competing groups on ending pay-as-you-go social security programs.

¹⁶ This transfer and previous ones in this model simply reflect the fact that discrimination has redistributive effects. They are not intended to make any statements about any group’s work ethic.

¹⁷ In an alternative model of age discrimination such as mandatory retirement, these valuations could be modified to capture the benefits of ending or keeping mandatory retirement.

and the leader of the young group chooses E_y to maximize

$$\Pi_y = \frac{E_y + \eta}{E_o + E_y + 2\eta} (1.5 - 2\delta)t\Omega - E_y. \quad (5)$$

Note that since the status-quo favors the old, they will not initiate a conflict.

However, the young might initiate a generational conflict.¹⁸

Suppose $\delta \geq 0.75$, then there is no generational conflict since young whites have a zero or negative valuation.

Suppose $0 \leq \delta < 0.75$ and $E_o = 0$. Then $\partial\Pi_y/\partial E_y \leq 0$ for all $E_y \geq 0$ if

$$\eta \geq \frac{(1.5 - 2\delta)t\Omega}{4}. \text{ So the unique equilibrium is}$$

$$E_y^* = E_o^* = 0 \quad (6)$$

$$\text{if } \eta \geq \frac{(1.5 - 2\delta)t\Omega}{4}.$$

Now suppose $\eta < \frac{(1.5 - 2\delta)t\Omega}{4}$ and $0 \leq \delta < 0.75$. Then an equilibrium where both

factions exert positive effort levels must satisfy $\partial\Pi_y/\partial E_y = 0$ and $\partial\Pi_w/\partial E_w = 0$. This gives

$$E_o^{**} = \frac{(1.5t\Omega)^2(1.5 - 2\delta)t\Omega}{(1.5t\Omega + (1.5 - 2\delta)t\Omega)^2} - \eta = \frac{2.25(1.5 - 2\delta)t\Omega}{(3 - 2\delta)^2} - \eta, \quad (7)$$

and

$$E_y^{**} = \frac{1.5t\Omega((1.5 - 2\delta)t\Omega)^2}{(1.5t\Omega + (1.5 - 2\delta)t\Omega)^2} - \eta = \frac{1.5(1.5 - 2\delta)^2 t\Omega}{(3 - 2\delta)^2} - \eta. \quad (8)$$

¹⁸ Similarly, it is blacks who have the incentive to initiate a racial conflict. The use of the word “initiate” suggests that the game is sequential, although it is a simultaneous-move game. While a change in the timing of moves will not affect my results, it is important to note that a sequential-move interpretation or analysis of the game will not affect the equilibria obtained, so long as the second-mover does not observe the actions of the first-mover before s/he (i.e., the second-mover) takes his/her action.

Note that $\frac{2.25(1.5-2\delta)t\Omega}{(3-2\delta)^2} > \frac{1.5(1.5-2\delta)^2t\Omega}{(3-2\delta)^2}$ for $\delta > 0$, so $E_y^{**} > 0$ and $E_o^{**} > 0$ requires

$$0 \leq \eta < \frac{1.5(1.5-2\delta)^2t\Omega}{(3-2\delta)^2} \text{ and } 0 \leq \eta < \frac{(1.5-2\delta)t\Omega}{4}.$$

2.3 The relative likelihood of racial conflict and generational conflict

Recall that I assume that if one form of conflict occurs, then the other cannot occur.

Case 1: Suppose $\delta \geq 0.75$, then generational conflict will *not* occur but a racial conflict will occur if $0 \leq \eta < \frac{(1+\delta)t\Omega}{4}$.

Case 2: Suppose $\frac{(1.5-2\delta)t\Omega}{4} \leq \eta < \frac{(1+\delta)t\Omega}{4}$. This implies that $\delta > 1/6$. It follows that if $1/6 < \delta < 0.75$ and $\frac{(1.5-2\delta)t\Omega}{4} \leq \eta < \frac{(1+\delta)t\Omega}{4}$, a generational conflict will *not* occur but a racial conflict will occur.

Case 3: Either conflict can occur if $0 \leq \delta < 0.75$ and η is sufficiently close to zero. Since the two conflicts are mutually exclusive, I assume that either conflict can occur with equal probability.

Case 4: A generational conflict will occur but a racial conflict will not occur if (i) $0 \leq \eta < \frac{1.5(1.5-2\delta)^2t\Omega}{(3-2\delta)^2}$, (ii) $0 \leq \eta < \frac{(1.5-2\delta)t\Omega}{4}$, and (iii) $\eta \geq \frac{(1+\delta)t\Omega}{4}$.

Conditions (ii) and (iii) require that $\delta < 1/6 \approx 0.166$. And conditions (i) and (iii) require that $\delta < 0.161 < 0.166$. It follows that if (i), (ii), and (iii) hold and $\delta < 0.161$, then generational discrimination will be salient.

Case 5: If $0.161 \leq \delta \leq 0.166$, it is not possible to construct an example where one form of discrimination is more salient than the other because, at least, one of the conditions in case 2 and case 4 is violated.

Combining cases 1 and 2 and noting neither conflict is salient than the other in cases 3 and 5, it follows that racial discrimination is salient than generational discrimination for a wider range of parameter values (i.e., $1/6 < \delta < 1$).¹⁹ This leads to the following proposition:

Proposition 1: *If racial conflict and generational conflict are mutually exclusive, then racial discrimination is socially intolerable for a much wider range of parameters relative to generational discrimination.*

Now suppose that racial conflict and generational conflict are *not* mutually exclusive. In particular, suppose these conflicts can occur concurrently. In addition, suppose that no individual can effectively engage in both conflicts. Since blacks will not participate in a generational conflict, they do not have to worry about choosing between a generational and a racial conflict. So if they do engage in a conflict it will be a racial conflict. Given that no individual can effectively engage in both conflicts, suppose that whites will have a *significantly* weak capability of fighting in a racial conflict if they are engaged in a generational conflict. In particular, suppose they will lose a racial conflict with certainty if they are already engaged in a generational conflict. Therefore, to find the new valuations of old and young whites in a generational conflict, one needs to do so in a non-racist society. In such a non-racist society, young whites pay $t\Omega$ in taxes and old

¹⁹ Notice though that the restrictions on δ are necessary conditions. In addition, we require restrictions on η as shown in the various cases above.

whites get reduced transfers of $t\Omega$. So the valuations of young whites and old whites in a generational conflict are $(1 - \delta)t\Omega$ and $t\Omega$ respectively.

Since no individual can effectively engage in both conflicts and everyone is involved in a racial conflict when it occurs, a generational conflict cannot occur when a racial conflict is underway. So the valuations in a racial conflict remain unchanged.

Then there is no generational conflict (i.e., $E_o = E_y = 0$) if $\eta \geq \frac{(1 - \delta)t\Omega}{4}$. So to construct an equilibrium where there is generational conflict but no racial conflict, we require $0 \leq \eta < \frac{(1 - \delta)t\Omega}{4}$ and $\eta \geq \frac{(1 + \delta)t\Omega}{4}$. However, there is no $\delta \geq 0$ that satisfies these two conditions. Hence it is impossible to construct an example where there is generational conflict but no racial conflict. It is easy to see that the reverse case where racial conflict occurs but generational conflict does not occur can be constructed. This leads to the following proposition:

Proposition 2: *If racial conflict and generational conflict are not mutually exclusive, then there are parameter values for which racial discrimination is socially intolerable (i.e., salient) but generational discrimination is socially tolerable. In contrast, there are no parameter values for which the converse is true.*

3. Discussion

Propositions 1 and 2 are driven by the effect of racial discrimination on the benefits of generational conflict. *Given* racial discrimination, both young and old blacks gain nothing from a generational conflict. Success in the generational conflict does not translate into any benefit for blacks because they continue to face racial discrimination.

This is what makes the generational conflict less likely to occur. In contrast, generational discrimination does not have this effect on either whites or blacks if they succeed in a racial conflict. There are clear gains from success in the racial conflict even if generational discrimination exists: whites retain their privileges and blacks break down adverse discriminatory barriers. While success in the racial conflict affects payoffs on the generational dimension,²⁰ the reverse is not true. This asymmetric effect is the driving force behind propositions 1 and 2.

The overarching effect of discrimination based on immutable or permanent characteristics like race, ethnicity or gender explains the salience of such discrimination in generating conflict. Once an individual is the victim of discrimination along these immutable dimensions,²¹ several other benefits are out of reach to him or her. Therefore, giving priority to fighting for these benefits does not make sense if access to them is inextricably linked to race, ethnicity or gender. That is why race, ethnicity, or gender is salient in my model and indeed in the real world. In contrast, discrimination that is based on non-permanent characteristics such age does not have this kind of overarching effect.

Balkin (1997, p. 2360) poignantly makes the point about the overarching effect of a trait such as race or gender by noting that:

²⁰ The only group whose generational payoff is not affected is the group of young blacks.

²¹ Notice that while one may argue that some of these characteristics such as gender can be changed, the emotional and physical cost of doing so could be very high. Besides, I suspect that the cost to a woman (man) who has to change her (his) gender because s/he truly believes and feels that s/he is “in the wrong body” will be considerably lower than the cost to a woman (man) who has to change her (his) gender to avoid discrimination.

“[T]here may be a status hierarchy between skiers and snowboarders. Being a skier rather than a snowboarder, however, is not a central feature of one’s social identity. It is not something that affects many overlapping aspects of one’s everyday interactions with others, or that has ripple effects in various parts of one life, including wealth, social, connections, political power, employment prospects . . . By contrast, being a black person as opposed to being a white person, or being female as opposed to being male, is a central feature of one’s identity, at least in contemporary America. It does affect a large percentage of one’s personal interactions with others, and it has many mutually supporting and overlapping effects.”²²

Age is a non-permanent but unalterable characteristic of a person. For the sake of argument, suppose age could be altered so that a young person could instantaneously be old. And suppose each young person believes that leaving the labor force has no effect on aggregate tax revenue since he is an atomistic member of the society. Then, *given* racism,²³ a young white person will not change his age if $(1 - t)\Omega \geq 2t\Omega$.²⁴ So my analysis still goes through. But even if a young person would want to change his age, this will strengthen my results since that reduces the likelihood of a generational conflict.

It is important to emphasize that my argument is not driven by any intrinsic aversion to or value judgements about discrimination that is based on immutable traits (e.g., race, gender, or ethnicity). Discrimination in this paper is analyzed from a socio-political point of view. This is somewhat consistent with Balkin’s (1997, p. 2365-2366) argument that

²² Note, however, that Balkin (1997) does not argue that a trait such as race has an overarching effect because it is immutable. His argument is that racial discrimination has an overarching effect because it is used to create a system of social meanings or define a social hierarchy with far-reaching effects. However, he argues that “[S]ocial hierarchies often assign differential social meanings to immutable traits because they make exit from low status more difficult.” In other words, the immutability of a trait is not what makes it bad as a discriminatory trait. However, societies discriminate using immutable traits because they are more efficient markers of discrimination.

²³ The argument still goes through if racism no longer exists.

²⁴ Note that there is no discounting (i.e., $\delta = 1$) because the change from being young to being old is instantaneous.

“[A]nalyzing discrimination in terms of status groups ... helps us understand our objections to discrimination ... Discrimination against blacks, for example, is not unjust simply because race is an immutable characteristic. Focusing on immutability per se confuses biological with sociological considerations. It confuses the physical existence of the trait with what the trait means in a social system ... The question is not whether a trait is immutable, but whether there has been a history of using the trait to create a system of social meanings, or define a social hierarchy, that helps dominate and oppress people. Any conclusions about the importance of immutability already presuppose a view about background social structure.”

In my analysis, I made no prior conclusions about the importance of immutability. What I did was simply to assume that there is status attached to certain characteristics (i.e., race and age) regardless of their immutability or permanence. I then argue, based on my model, that lower status that is based on immutable traits have overarching effects than lower status that is based on alterable or non-permanent traits.

My analysis of socially-tolerable discrimination is a positive analysis. To be sure, there are normative principles like equal protection that informs a society's attitude to discrimination. From a positive analysis standpoint, the legislature and courts may allow certain forms of discrimination if such discrimination is less likely to trigger social unrest.²⁵ In this regard, the courts take an instrumental or utilitarian view of discrimination. Of course, the courts and society may also have an intrinsic aversion to certain forms of discrimination such as racial or gender discrimination, and in such instances may take a purely non-utilitarian or Rawlsian position wherein a *disproportionate* weight is given to the welfare of the victims of such discrimination. To the extent that the aversion to racial or gender discrimination affects the likelihood of social unrest, the actions of lawmakers and the courts in such situations may be a

²⁵ Indeed, Balkin (1997, p. 2340) makes a stronger point by noting that “... it is unlikely that members of higher status groups (who tend to dominate the legislatures and the judiciary) will even recognize the possibility of a problem until a social movement appears on the scene to demand increased status.”

combination of the utilitarian and non-utilitarian positions.²⁶

Socially-tolerable discrimination need not imply that the victims or even all beneficiaries approve of such discrimination. The victims may grudgingly accept such discrimination because the politico-legal institutions are not sufficiently sensitive to efforts to change the status quo (i.e., η is not sufficiently low).

Note that propositions 1 and 2 will not change if I had assumed that whites had a higher endowment of capital than blacks and that success by blacks in the racial conflict will lead to a redistribution of resources where whites get a smaller capital than before and blacks get a bigger capital than before, although these will be equal. Introducing such differential capital endowments will only strengthen propositions 1 and 2 because it will increase the valuations of young blacks and whites in the racial conflict.

Assuming different sizes of racial and generational groups will not significantly alter my results. More importantly, in order to focus on the relative effects of racial and generational discrimination on the incidence of conflict, it is helpful to maintain equal group sizes. That way, any differences in results can be attributed to differences between the effects of racial and generational discrimination instead of to differences in group sizes.²⁷

²⁶ On this point, Siegel (1997, p. 1119) notes that "... attempts to dismantle a status regime can discredit the rules and reasons employed to enforce status relations in a given historical era, and so create pressure on legislators and jurists to reform the contested body of law ..." He continues "... it is highly unlikely that the regime that emerges from the reform will redistribute material and dignitary "goods" in a manner that significantly disadvantages the beneficiaries of the prior, contested regime. But if the reformed body of law is to reestablish its legitimacy, it must distribute social goods in a manner that can be differentiated from the prior, contested regime. ... These reforms may well improve the material and dignitary circumstances of subordinated groups, but they will also enhance the legal system's capacity to justify regulation that perpetuates inequalities among status-differentiated groups."

²⁷The assumption of equal group sizes is the analogue of the symmetry condition in Esteban and Ray (2008).

As Esteban and Ray (2008) note “[I]t is impossible (and unwise) to predict that ethnicity must be salient in *all* circumstances. What we do argue is that in a wide variety of situations ... the potential for synergy within a coalition of rich and poor can bring ethnic markers to the forefront.” In the same vein, I do not wish to claim that racial discrimination will be salient relative to all forms of discrimination in all circumstances. However, my model offers some insights into why one would expect racial, ethnic, or gender discrimination to lead to political and social unrest in most circumstances relative to other forms of discrimination in all circumstances. This is also consistent with the historical evidence in the USA, South Africa, the Middle East, and several parts of the world. As explained above, the overarching effect of discrimination based on such permanent characteristics explains the salience of such discrimination.

Another reason why discrimination based on alterable or non-permanent characteristics such as age are less likely to lead to conflict is because their alterable or temporary character implies there will be sufficient diversity among coalition members leading to difficulties in solving the free-rider problem. For example, a coalition of the young fighting a pay-as-you-go social security program may range from ages 18 to 65 with *constantly changing* degrees of proximity across time and across individuals to the legal definition of old age. In contrast, there may be less diversity within racial, gender, or ethnic groups. And even if there is enough diversity within these groups, they can still form relatively effective coalitions so long as the law or dominant group discriminates against them based on their perceived commonalities (e.g., skin color or gender) as opposed to their differences.

4. Conclusion

That some discrimination is socially tolerable is an indication that the principle of equal protection may not be consistently and uniformly applied. The practical application of the principle by the courts involves a balance of political, economic, legal, philosophical, social, and historical considerations (Balkin, 1997; Siegel, 1997). On the other hand, the social intolerance for some forms of discrimination such those based on race, gender, and ethnicity implies that the social costs of such discrimination makes them unsustainable in the long run.

There are certainly reasons why racial, gender, or ethnic discrimination is more likely to be less socially tolerable (i.e., lead to conflict) relative to other forms of discrimination, especially those based on alterable characteristics. As argued in the introduction, a reason is the stronger aversion to discrimination based on immutable characteristics. In this paper, I have shown that racism is likely to lead to conflict without appealing to a higher intrinsic aversion to racism relative to other forms of discrimination (e.g., age discrimination). I established this result without assuming that racial animosity makes generational conflict impossible because young blacks and whites are unwilling to join forces. I also did not make any value judgements about racial or age discrimination. While my model is undoubtedly simple it, nevertheless, sheds some light on the political economy of tolerable discrimination.

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