
Segregation and the perception of the minority

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Abstract

In his seminal work, Schelling (1971) shows that even preferences for integration generate high levels of segregation. However, this theoretical prediction does not match with decreasing levels of segregation observed since the 1970s. We build a general equilibrium model in which preferences depends on the number of peers and unlike individuals, but also on the weight they attribute to living in the minority or along a sizable minority, which we call their perception of the minority. In this framework, there always exists a structure of the preferences for which integrated equilibria emerge and are stable. Even when individuals are racist, there is still a level of the perception of the minority for which integration is a stable outcome. We then propose an econometric method to derive the structural preference parameters of the model in the case of South Africa. Estimated preferences provide evidences toward more integration.

Keywords: Both

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