



Departamento de
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Económica

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Título: Tolerance based on popularity networks

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Resumen: Individuals (political parties) often differ in their identities (ideologies), i.e., the behaviors they consider ideal for themselves and others. They only want to interact (or link) with others whose behavior/action are sufficiently close to their ideals, and they are willing to compromise, i.e, choose costly actions to get closer to others, in order to be accepted by them.

Based on the paper by Genicot (2022) on tolerance and compromise we construct a two-stage model in which agents first choose actions and secondly, a pairwise stable network forms. The novelty of our approach is that tolerance levels depend endogenously on the degree of agents in the network. In particular, the more popular an individual is the more she/he is tolerated by others. We characterize the case with three agents (left, middle and right ideal points) and find that compromising exists for intermediate divergence of identities, and for sufficiently low costs of compromising. When considering a larger set of individuals (beyond three) we find that core-periphery networks as well as polarized societies might coexist.

