

Why do multiple narratives coexist in some societies, while a single narrative becomes dominant in others? We study how homophily in communication shapes the long-run prevalence of competing narratives. A narrative determines which information individuals regard as relevant when inferring an uncertain state. Individuals communicate about that state within their generation and are more likely to communicate with others who share their narrative. Parents anticipate the payoffs their children would obtain under each narrative when deciding how intensively to transmit their own narrative. We first characterize the within-generation communication equilibrium, in which minority senders may pander to the majority. We then study the resulting cultural dynamics. Homophily stabilizes coexistence when the two narratives are similarly prevalent, but can disadvantage a very small minority. Stronger homophily can reverse this effect and protect the minority. Homophily can also generate multiple stable steady states and history dependence.