

2000

Solidarity in Consumption

Cass R. Sunstein

Edna Ullmann-Margalit

Follow this and additional works at: https://chicagounbound.uchicago.edu/law_and_economics



Part of the [Law Commons](#)

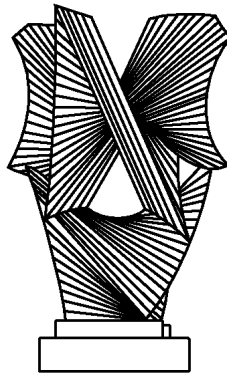
Recommended Citation

Cass R. Sunstein & Edna Ullmann-Margalit, "Solidarity in Consumption" (John M. Olin Program in Law and Economics Working Paper No. 98, 2000).

This Working Paper is brought to you for free and open access by the Coase-Sandor Institute for Law and Economics at Chicago Unbound. It has been accepted for inclusion in Coase-Sandor Working Paper Series in Law and Economics by an authorized administrator of Chicago Unbound. For more information, please contact unbound@law.uchicago.edu.

CHICAGO

JOHN M. OLIN LAW & ECONOMICS WORKING PAPER NO. 98
(2D SERIES)



Solidarity in Consumption

Cass R. Sunstein and Edna Ullmann-Margalit

THE LAW SCHOOL
THE UNIVERSITY OF CHICAGO

This paper can be downloaded without charge at the
Social Science Research Network Electronic Paper Collection:
http://papers.ssrn.com/paper.taf?abstract_id=224618

Solidarity in Consumption

Cass R. Sunstein* and Edna Ullmann-Margalit**

Abstract

Contrary to a common picture of relationships in a market economy, people often express communal and membership-seeking impulses via consumption choices, purchasing goods and services because other people are doing so as well. Shared identities are maintained and created in this way. Solidarity goods are goods whose value increases as the number of people enjoying them increases. Exclusivity goods are goods whose value decreases as the number of people enjoying them increases. Distinctions can be drawn among diverse value functions, capturing diverse relationships between the value of goods and the value of shared or unshared consumption. Though markets spontaneously produce solidarity goods, individuals sometimes have difficulty in producing such goods on their own, or in coordinating on choosing them. Here law has a potential role. There are implications for trend setting, clubs, partnerships, national events, social cascades, and compliance without enforcement.

I. Introduction

A. Community and Consumption

In the history of political thought, many people have objected to the pervasiveness of cash exchanges in capitalist economies.¹ The fundamental concern often involves the potential effect of money in “flattening” social experiences and eliminating important qualitative distinctions among social goods. Perhaps the concern has been vindicated in practice; but there is another side of the picture. In many ways, social norms and practices, far from having been flattened by money, have worked to “unflatten” money. As a prominent sociological study finds, “There is no single, uniform, generalized money, but multiple monies: people earmark different currencies for many or perhaps all types of social interactions [P]eople will in fact will respond with anger, shock, or ridicule to the ‘misuse’ of monies for the wrong circumstances or social relations.”²

One of our major goals here is to describe some related phenomena – to offer an account of important, but insufficiently noticed, features of the relationship between economic markets and social practices. Many critics of market relationships have emphasized their apparently atomistic and alienating nature, and the asocial, highly

* Karl N. Llewellyn Distinguished Service Professor of Jurisprudence, Law School and Department of Political Science, University of Chicago.

** Department of Philosophy, The Hebrew University of Jerusalem.

Special thanks to Avishai Margalit for helpful discussions and suggestions. We are also grateful to Jill Hasday, Eric Posner, Richard Posner, Randy Picker and Gil Kalai for helpful comments on an earlier draft.

¹ See, eg, Georg Simmel, *The Philosophy of Money* (Tom Bottomore and David Frisby trans., 1978, originally published 1900).

² See Viviana Zelizer, *The Social Meaning of Money* 18-19 (1994).

individualistic attitudes that markets seem to express and to inculcate.³ Undoubtedly this account contains truth; but here too there is another side. Daily consumption patterns reflect a range of highly social, even communal impulses. They demonstrate that in their consumption choices, consumers relate not just to products but to other customers too. For many goods, the principal motivation for consumption is to share an experience of one sort or another, with friends, acquaintances, or complete strangers. In consuming mass-produced goods people often seek, and find, a sense of solidarity and belonging. The impulse toward shared experiences and toward multiple forms of solidarity – sometimes toward simultaneous inclusion and exclusion – persistently reasserts itself.

In these respects, the decisions of ordinary consumers are anything but atomistic. They are enmeshed in efforts of sellers and buyers alike to build networks of common experiences and identifications. Advertisers of goods are well aware of this point and sometimes attempt to exploit it for economic gain.⁴ But even when they do not, an emphatically social impulse plays a large role in consumption choices and in the practices that emerge from them. These phenomena help explain the undeniable pleasure that sometimes accompanies mass consumption. Consumers' enjoyment in finding solidarity thus offers another perspective on mass consumption, one very different from that offered by those who emphasize the risks of alienation and fragmentation.

B. Goods Social and Otherwise

We shall start by distinguishing among three types of goods and investigating some implications of the resulting distinctions for analyzing behavior. After refining the distinctions along several dimensions, we shall explore the potential role of law and government in creating some of the relevant goods. We paint with a broad analytical brush, in the hope of elaborating categories that may be useful for general understanding and ultimately for more detailed work, both empirical and normative.

Many goods have the value they do independently of whether other people are enjoying or consuming them. Call these *solitary goods*. The value of a cup of coffee in the morning, or of exercising on the treadmill, may be unaffected by whether others are drinking coffee or exercising (fig. 1). The value of other goods depends, at least in part, on whether or not other people are enjoying or consuming them too. Call these *social goods*. Social goods divide into *solidarity goods* and *exclusivity goods*. Solidarity goods have more value to the extent that other people are enjoying them; they reflect something like a communal impulse. The value of a magazine or television program focussing on a current topic (genetic engineering of food, for example) may increase significantly if many other people watch or read them (figs. 2, 3). Exclusivity goods, in contrast, diminish in value to the extent that other people are enjoying them. The value of owning an art lithograph, or of vacationing in a holiday resort, may go down, perhaps dramatically, if many others have the same lithograph or access to the same resort (fig. 4).

Both producers and consumers attempt to generate a wide range of solidarity goods and exclusivity goods. These are pervasive features of modern societies; market economies are pervaded by both kinds of goods.⁵ Acting on their own, however, people sometimes face collective action problems in generating social goods. Rational choices by individuals

³ See Jon Elster's illuminating discussion of the themes of commodity fetishism and alienation, in *Making Sense of Marx* 100-07 (1985).

⁴ For examples, see Malcolm Gladwell, *The Tipping Point* (2000).

⁵ Compare the discussion of the search for better relative position in Robert H. Frank, *Choosing the Right Pond* (1985); the point is related mostly to our treatment of exclusivity goods, as discussed in more detail below.

can result in sub-optimal production or coordination, and here law sometimes plays a constructive role. The analysis bears on the protection of pristine areas, on environmental and communications policy, on creation of national holidays and promotion of cultural symbols, the right of privacy, and more.

When markets fail in the production of solidarity goods, the role of government will often be to encourage people to find their way to the optimal point. Once they are there, the situation may well be self-sustaining; it is a stable equilibrium. A complication comes from the fact that some solidarity goods are bad -- consider the use of unlawful drugs -- and in such circumstances the role of law is to discourage their production. Our principal emphasis is on solidarity goods, as we think they received insufficient attention, especially as regards the role that their consumption plays in providing a form of social glue

II. Goods and Persons

A. Solidarity Goods: In General

The value of many goods is a function of how many people are enjoying or consuming them. In many cases, goods become more valuable because and to the extent that they are being widely enjoyed. Consider a popular movie, the Super Bowl, a presidential debate, or a millennium celebration. These are goods that are worth less, and possibly worthless, if many others are not enjoying or “purchasing” them too. Part of what people are willing to pay for, when they enjoy or buy the good, stems from the range of benefits coming from the fact that other people are also enjoying or buying it. Some goods would not be worth consuming, or even having for free, if others did not consume them too. Sometimes the good, taken as a solitary good, has negative value. For spouses of the sports-obsessed, the Super Bowl and the World Cup probably fall in this category. Producers of goods and services are well aware of this fact; they know that the number of viewers and users will increase, sometimes exponentially, once popularity is known to exceed a certain threshold.

What we are calling solidarity goods are those goods whose value derives, in whole or in part, from joint consumption. The very fact that many other people are enjoying them creates *positive solidarity externalities*. In such cases, part of what is good about the experience, for many people, is precisely the fact that many other people have it too. Sometimes the value of the good stems not just from *joint* consumption but actually from *simultaneous* consumption. In that case, what is good about the experience is the fact that many other people are having it at the same time.

Note that when it is said of a solidarity good that many people are enjoying it, the *it* may be taken in two ways. It may refer to the very same token of the good, e.g. the broadcast of the Super Bowl or a presidential debate. In other cases the solidarity good in question is thought of as a type, and each person enjoys a different token of this type, e.g., a drink at the end of a conference.

The value associated with a solidarity good may be intrinsic, instrumental, or both. People may find it intrinsically pleasurable to enjoy something that others are enjoying too, like a best-selling novel or songs on the car radio. Or they may think that if many people enjoy the good, this will lead to valuable social interactions, even to shared policy initiatives, business associations, or friendships.

B. Public and Private, Conformity, and Trend-Setters

To qualify as solidarity goods, it is not necessary that the relevant goods be enjoyed by people who are literally in each other's company. Some goods are *public* solidarity goods, whereas others are *private* solidarity goods. Public solidarity goods are those that people like to enjoy in the company of others. Private solidarity goods are those that people like to enjoy by themselves, but in the knowledge that others are enjoying them too. Movies in the theatre have, for many, the quality of public solidarity goods; movies rented for use on the VCR have, for many, the quality of private solidarity goods.

To enjoy solidarity goods, people need not be conformists. A conformist is someone who has a desire to narrow the distance between his or her actions and the actions of average others, or, more simply, a desire to do what others do. For a conformist, all or part of the value of action consists of its similarity to what other people are doing. Being a conformist thus presupposes a certain kind of personality. But even avowed non-conformists can enjoy many kinds of goods, say the NBA playoffs, *qua* solidarity goods.

A special case concerns trend-setting goods. If you are a trend-setter, you enjoy a good more if, as a result of your consuming it (i.e. owning, using, displaying, or subscribing to it), many others do so too. The point is especially pertinent for teen-age culture and teen-age consumer goods like fashion items, CDs, magazines, and so on. Trend-setting goods may be subsumed under solidarity goods, with a special causal twist: not only does the trend-setter enjoy the good more if many other people are consuming it too, but she enjoys it more if others consume it **because** she is consuming it. If I am known to have set the trend, part of my pleasure may have to do with fame; but even if it is not generally known that I set the trend, I may still derive pleasure from the numbers. Those who like to follow trend-setters think similarly. For them, what is important is not only the fact that many other people are consuming the good in question, but that particular, noteworthy people have started the process of widespread consumption.

When something is known to be a solidarity good, those who consume or enjoy it might well encourage others to do so as well. Such people might be trend-setters or at least trend-accelerators. Frequently their efforts are benign; sometimes they produce many individual and social gains. Consider, for example, people who are both sellers and users of desirable goods (a common selling tactic). Or consider neighborhood associations, providing voluntary agreements to enjoy certain goods together. It is easy, however, to imagine quite coercive efforts by those whose enjoyment is increased by the simultaneous activity of others. These coercive efforts may be purely private, sometimes through psychological pressure, sometimes through intimidation and even physical force. Consider efforts, within peer groups of various sorts, to require everyone to join in some activity. Prevailing social norms might develop to ensure the provision of solidarity goods; they can have coercive force. Sometimes the relevant efforts operate through the state.

Religious practices are sometimes solidarity goods, and this fact can spur both private and public action. "[M]any of the emotional and psychic rewards of religion are greater to the degree that they are socially generated and experienced. One can, of course, enjoy singing hymns alone. But that experience falls far short of singing along with hundreds of others."⁶ For members of some religious organizations, the value of participation is very much a function of the number of participants, both for congregation

⁶ Roger Finke and Rodney Stark, *The Churching of America, 1776-1990: Winners and Losers in Our Religious Economy* 252 (1992). Note, however, that the pleasure of singing along with hundreds of others is not restricted to religious hymns.

activities and for more private and intimate experiences.⁷ This point does not hold for all religions or religious organizations. But it raises many issues, taken up below, about private and public behavior designed to encourage or to force others to join in the enjoyment of what is, for many, a solidarity good.

C. Club Goods and Network Externalities: Two Contrasts

Solidarity goods have interesting relationships to club goods and network effects, both of which have received extensive recent investigation. We offer some notations here.

1. Club goods. Within economics, considerable attention has been given to “club goods,” created when a group of people band together and benefit from sharing a public good from which they exclude others.⁸ Examples include athletic associations, exercise facilities, health maintenance organizations, and political groups with common activities. The fact that the good is shared may be attractive because per-person costs are thereby reduced, or (in a point closer to what we are emphasizing here) because people like the social interactions or feelings of membership that come from sharing. When this is the case, a club good has a central characteristic of a solidarity good – increasing benefits from increasing numbers of users. As the number of people who participate in the club increases, each person’s cost may correspondingly decrease and enjoyment correspondingly increase.

But there are differences between club goods and solidarity goods as described thus far. Club goods typically suffer from crowding, which leads to a reduction in the quality or experience of the relevant services.⁹ Thus the value of a club good stops increasing, or starts to decrease, once the number of participants increases beyond a certain point (fig. 5). It is partly for this reason that clubs erect certain barriers to participation through, for example, membership and initiation fees, ceremonies of various sorts,¹⁰ or selection procedures. These barriers operate to reduce the risk of congestion, and also to solve the free rider problem among insiders, by ensuring that members are actually going to contribute to the collective goals of the club.¹¹ For the typical solidarity good, by contrast, the value of consumption increases (perhaps up to a point) with the number of users; but there is no need to exclude or to overcome free rider problems of any sort.

For many clubs, moreover, members enjoy not only the provision of some shared service but also certain common characteristics with other members¹²; this enjoyment has an exclusionary aspect. The preferred characteristics may include gender, geography, education, wealth, religion, or race. Thus clubs often form not only or not mostly to reduce the per-person costs of desirable goods but instead to form bonds of inclusion, based on the common characteristics. Here the sharing of club goods may well produce increasing benefits as the number of desired members increases (subject to the risk of crowding), but the benefits decline, for many or for all, if undesired members join. Thus many clubs depend on exclusion as well as inclusion; what members like is not only a set of common experiences, but the fact that other people, not defined in the same way, cannot enjoy those experiences. We generalize this phenomenon below;

⁷ See Laurence Iannaccone, *Sacrifice and Stigma: Reducing Free-Riding in Cults, Communes, and Other Collectives*, 100 J Polit Econ 271, 274 (1992).

⁸ See Richard Cornes and Todd Sandler, *The Theory of Externalities, Public Goods, and Club Goods* 347 (1986).

⁹ Iomes and Sandler, *supra*, at 348.

¹⁰ Cornes and Sandler, *supra*, at ?

¹¹ See Iannaccone, *supra*, at 276-89, for a discussion, in this vein, of religious organizations as clubs.

¹² Cornes and Sandler, *supra*, at 385.

it bears on many social experiences, and is hardly limited to groups that have self-consciously created clubs.

2. Network externalities. With the proliferation of new communications technologies, much attention has also been paid to the existence of network effects and network externalities.¹³ The standard definition of network externalities is closely related to our understanding here of solidarity goods – increases, in the value of some goods, that come from the fact that many people are using those goods. Thus “a network effect exists where purchasers find a good more valuable as additional purchasers buy the same good.”¹⁴ For example, a fax machine, or a telephone, may be worth a great deal more by virtue of the fact that other users constitute a network; the value of the good often increases continuously, and sometimes exponentially, with the number of users. Network externalities can push people firmly in the direction of certain choices, even if these choices by themselves are inferior to some alternatives. If most of your acquaintances are using a certain word-processing program, and if you want to communicate with them, it makes sense for you to use the same software, even if an alternative seems better.

The term “network effects” operates as an umbrella, capturing a number of different phenomena; but it is much narrower than the idea of solidarity goods. What we are emphasizing is not the magnified convenience and range of applications that come from numerous adoptions (as in the case of the fax machine or telephone), but the subjective benefits, hedonic and otherwise, that come from the very fact that many people are enjoying the relevant good or activity. For network goods, the paradigmatic case has to do with actual networks – goods whose purpose is to connect people to other people.¹⁵ Because of its function, a telephone or a fax machine is obviously more valuable if many people have them. A language is a “network” in this sense. But network effects are created also by products that are not used for communication at all. Think for example of a credit card: the more popular the brand, the more businesses will accept it and even offer deals to its carriers. Conventional network effects are further created by products that are not used for communication in the strict sense, but that permit information to be exchanged more readily among people who may seek to exchange information. The value of these products, like a popular word-processing program, increases when other people are using them.

In this light, we can see that network effects turn some goods into solidarity goods of a specific kind. But the category of solidarity externalities, as we understand it here, is far larger than the category of network externalities, above all because we are emphasizing solidarity in consumption. The increase in value from a television situation comedy, stemming from the wide viewing audience for that show, is not what is meant by a network externality. As we shall see, moreover, many solidarity goods are not restricted to the causal connection that leads to the standard consequence of network effects, which is increasing returns to scale; solidarity goods come with a diverse range of value functions. But it is certainly possible to understand our analysis of solidarity goods as a large-scale

¹³ See Michael Katz and Carl Shapiro, *Network Externalities, Competition, and Compatibility*, 75 *Am Econ Rev* 424 (1985); Philip Dybvig and Chester Spatt, *Adoption Externalities as Public Goods*, 20 *J Pub con* 231 (1983). Mark Lemley and David McGowan, *Legal Implications of Network Economic Effects*, 86 *Cal. L. Re.* 479 (1998). On the distinction between network effects and network externalities – terms often used interchangeably – see S.J. Liebowitz and Stephen Margolis, *Network Externality: An Uncommon Tragedy*, 8 *J. Econ. Persp.* 133, 135 (1994) (suggesting that “network effects” apply to markets with increasing returns to scale and “network externalities” should be restricted to markets in which increasing returns create suboptimal conditions).

¹⁴ *Id.* at 483.

¹⁵ See Katz and Shapiro, *supra*, at 424; Lemley and McGowan, *supra*, at 488.

expansion of the category of network effects, with the suggestion that similar effects stem from a wide range of goods and services.

D. Solitary Goods

Many goods are solitary goods. Their value is quite independent of whether other people enjoy them. For such goods, it does not matter whether many, few, or none are involved. Some people have this attitude toward sporting events and television programs; drinking a glass of orange juice in the morning, driving a Toyota Camry, or exercising on your treadmill are typical examples for many people.

The value of solitary goods, like that of solidarity goods, may be intrinsic, instrumental, or both. People may enjoy a presidential debate simply because it is fun to watch it; or they may enjoy it because they learn from the debate how to think, or not to think, about political issues. What matters is not whether the value of the good is intrinsic or instrumental, but whether value is affected by the fact that others are consuming or enjoying it.

E. Exclusivity Goods

Exclusivity goods are valued to the extent that can be enjoyed in small groups or alone. The fact that others are enjoying them makes them worth less and perhaps much less. This is true for certain status-related goods, sometimes described as positional goods,¹⁶ and it is also true for goods that allow or create solitude -- a beach house, for example, in a remote area. Often exclusive or near-exclusive enjoyment is a large part of value. In the extreme case, an exclusivity good has the value it has because only one person is able to enjoy it. (Consider: you are a Hollywood actress, and the good in question is a dress for the Oscar night. Small disasters have been known to occur when two actresses turned up with the very same dress.) Of course producers exploit this property of some goods, by emphasizing their rare or unique character; scarcity may be intentionally manufactured for this purpose, as in the case of the "rare commemorative coin," printed in limited editions.

Sole ownership, made possible by the institution of private property, does not mean that everything that is privately owned should count as an exclusivity good. While I have a right to sole ownership of my own Toyota Camry, I may be indifferent to the question how many others own a Toyota Camry as well. Indeed, my Toyota Camry may be a solidarity good for me: I may enjoy the fact that this is a popular car and that there are many others who also own a token of this type. My enjoyment of this fact, moreover, may be both intrinsic and instrumental. By contrast, a highly expensive Mercedes may, for its owners, count as an exclusivity good. If many others come to own a similar car, some people will predictably switch to a Porsche.¹⁷

F. Demi-Solidarity Goods

There is an interesting class of goods that do not quite fit any of the three categories; call these *demi-solidarity goods*. For such goods, it is undesirable to see *either* increases in use above a certain point *or* decreases below a certain point. You might choose to attend a seminar only if it is neither very large nor very small. You may want to go to a restaurant, but you will not go either if it is very crowded or if you will be almost alone there.

¹⁶ The term was coined in Fred Hirsch, *Social Limits to Growth* (1976). See Robert Frank, *Choosing the Right Pond* (1985); Robert Frank, *Luxury Fever* (1999), for general discussion.

¹⁷ See *id.*

Something similar is often true for decisions about clothing. Many people do not want simply to follow the crowd, but they also do not want to stand out too much. The goods should be popular, but not too popular. For demi-solidarity goods the number of users matters and may be crucial to choice. But value neither increases nor decreases continuously as a function of that number (fig. 6).

In a related process, people may want to create organizations that represent an ideal combination of solidarity and exclusivity. Many clubs thus provide a special set of demi-solidarity goods. Such clubs are valued partly because they allow a certain group, defined in specified terms, to enjoy goods and activities in common, while at the same time excluding others, also defined in specified terms. Here the solidarity good depends on a degree of exclusivity, and vice versa. In fact group identity often depends on the right mix of solidarity and exclusivity.

III. Values and Reasons

A. The Relational Character of Goods

Thus far we have been writing as if goods qualify or fail to qualify as one of the various types because of what they “are.” But this is an oversimplification. The nature of a good, for any particular person, depends not only on its innate qualities but also on how particular people relate to it. Here people differ from one another, often dramatically. It is not possible to “read” the nature of the good, along the dimension that we are discussing, off the good itself; it is necessary to know how people react to it, and people, groups, and even cultures typically vary along relevant dimensions.

A faculty lounge may be a solidarity good for some people, who like it best when it is crowded. But it may be a solitary good for others, who go for the coffee, and who do not care how many people are there. And it may be an exclusivity good for others, who like it best or perhaps only when it is empty. A Super Bowl may be a solidarity good for many people, who organize parties around the event, but a solitary good for others, who most like to watch it alone. A Jane Austen novel may be a solitary good for some, but for the members of a Jane Austen Society, it may be a solidarity (or a demi-solidarity) good instead. Those who market a certain good – sneakers, for example – might try to convert it into a solidarity good for many or most; they may or may not succeed.

Strictly speaking, then, the notion of a solidarity good is a relational one: a given good may be a solidarity good to me, or to you, but not a solidarity good as such. Still, in spite of possible idiosyncrasies, many goods are solidarity goods to many or to most people. These are typical cases, and we may talk of the typical cases as solidarity goods *tout court*. If a good is said to be a solidarity good, the understanding is that there exist many to whom the value of this good increases to the extent that others are consuming it too.

It is also possible to obtain some understanding of different types of people by exploring how they conceive of those goods that they most or least enjoy. Those who especially prize exclusivity goods, or who tend to think of the best goods as exclusivity goods, can often be understood as status-seekers. Or they may be loners or misanthropes. Interestingly, status seekers are social types while loners and misanthropes are asocial types, but all have in common the appreciation of exclusivity goods. Those who especially prize solidarity goods, and who tend to think of the best goods as such, obviously enjoy the comfort of belonging, in one sense or another, to a group or a crowd. Those who think of the best goods as solitary goods are to that extent independent of general opinions and

social conventions. Groups and cultures as well as individuals can differ along these dimensions. These are of course brief remarks on a wider subject.

B. Varying Value Functions

There can also be complex value functions with respect to both solidarity goods and exclusivity goods. These functions include both discontinuities and sudden shifts in direction. We can imagine solidarity goods for which value steadily increases with the number of people who consume or enjoy them (fig. 2). We can imagine goods for which value increases up to a certain number of consumers, but does not increase after that point (fig. 3). Perhaps those who watch a presidential debate need to know that millions of people are watching, but the number of millions is not important. We can imagine an exclusivity good for which value decreases with the increase in the number of consumers, but from a certain point it stays constant (fig. 7). Perhaps a beach is an example: once it is crowded, it does not much matter, to the privacy lover, how much more crowded it gets. As we have noted, it is possible to imagine goods whose value decreases when the number of consumers increases above a certain point, and also when the number falls below a certain point (fig. 6). What matters with these demi-solidarity goods is that the number of participants remains between the two points. There are many possible variations here.

C. Who, Not How Many: Partnership and Fraternity Goods

Sometimes people care not only about the sheer number of consumers but also and perhaps more importantly about their *identity*. Six relevant people may be the critical ones for you; the fact that those people, in particular, are enjoying the relevant good (or not enjoying it) is what makes you especially like it. A (pro tanto) solidarity good may increase in value to you as the six relevant people simultaneously enjoy it; but others are irrelevant. Call these *partnership goods*. In the limiting case, consider a close friendship or a marriage, where the fact of joint consumption may be crucial to the underlying choice (of restaurants, or movies, or vacation resorts). In such relationships, value can be greatly increased by virtue of the fact that the two people involved are enjoying the good, which has in that respect the features of a partnership good. Indeed, the fact that two particular people are enjoying it may be what gives it all or almost all of its value. If more than the two people are also enjoying it, consumption by others may be irrelevant and value may stay constant.

But what if the value decreases? What if part of what makes the partnership good valuable is that it is restricted to a number of particular people? An important feature of some goods is that value increases when a certain number of relevant people enjoy them, but consumption by others reduces value. As we have seen, this is true for some clubs; it can also be true in friendships and fraternities, and also in neighborhoods, teams, clubs, ethnic groups, and nations. People may like a good more when it is enjoyed by a large number of people thought to be relevantly like them; advertisers often try to exploit this fact and consumers may react accordingly whether or not they do. But once people in another category start enjoying the good, value decreases, sometimes dramatically.

In the case of solidarity goods, people care about the sheer number of consumers, and in the case of partnership goods people care about their particular identity. But now we recognize an additional class of goods, call them *fraternity goods*, where people care about fellow consumers falling under a certain description or belonging to a particular category (e.g. students, Catholics, athletes, gays). Fraternity goods have an excluding, discriminatory element: not only do you enjoy the party more to the extent that more Catholics come, but your enjoyment decreases if non-Catholics participate too. Here we are generalizing the idea of discriminatory clubs -- groups self-consciously formed to create club goods that include the local public good of exclusion. Ordinary consumer products can

have the same feature, with more informal rules of inclusion and exclusion, as, for example, when people of a certain type wear certain clothing, perhaps displaying signals that outsiders do not understand.

These points show that in some cases it is more precise to say not that goods “are” solidarity, solitary, or exclusivity goods, but that the value of a good is a function of its solidarity value, solitary value, and exclusivity value. These values can be combined in different ways, both for different people and in the social aggregate. For some people in relation to some goods, solidarity value may be real and thus positive, but it is the solitary value of the good that drives consumption. For some people and some goods, exclusivity value is crucial and makes consumption likely, while for others the exclusivity value of the good may be positive but of trivial importance. It is easy to imagine a continuum of values and many possible variations.

D. Increases and Decreases in Value

Why do some goods increase in value when others are enjoying them?

- People may be able to participate in valuable social interactions, and other activities, because of their consumption of certain goods. Part of what they get from those goods is the relevant social interactions. For example, those who watch sports event or a popular situation comedy may be able to have a range of conversations by the water-cooler at work. Those who visit national parks may be able to talk about the visit with their friends (whether this creates or reduces value for the friends is another question). People who follow a presidential campaign may be able to understand and enjoy a range of newspaper articles and television programs that would otherwise be unintelligible.
- The fact that a good is widely enjoyed may relieve people’s anxiety about whether it is reasonable or legitimate to enjoy that good. People may not know whether it is appropriate or proper to enjoy a football game or a situation comedy or a cigar; the fact that other people enjoy it removes a potential sense of shame. Or people may feel proud that they are enjoying something on which others have placed a kind of stamp of approval. Here the enjoyment of others creates an informational externality (see **E** below).
- People care about their reputations, and if other people are doing something, it is often reasonable to infer that other people will think well of those who do the same thing, and possibly less well of those who do something different. The value of a certain activity or purchase may increase as its popularity increases, not because of the information provided by popularity, but because of the desirable reputational effects of joining the crowd (or the undesirable reputational effects of not joining the crowd). We can imagine cases in which reputational effects are the most important consideration in consumption choices. The phenomena of cascade effects and tipping points can sometimes be understood in the light of perceived reputational factors; when a critical mass is reached, a very large number of people may end up doing the same thing.¹⁸ A closely related point is that people may engage in certain activity in order to signal their “type,” and if large numbers of people will be listening, the signal might be amplified.¹⁹
- For some people in relation to some goods, enjoyment is heightened even if social interactions will not ensue, apparently because the social quality of the good is enjoyable for its own sake. This may seem less an explanation than a re-description; but the phenomenon is real. There is comfort in numbers. Many people would be happier to watch a sports event knowing that others are doing so, even if they do not plan to discuss it with others, and even if the fact that others are watching does not convey information about whether it is a good thing to watch. At a comedy club, holding the quality of the jokes

¹⁸ See, eg, Mark Granovetter, Threshold Models of Collective Behavior, 83 Am J Sociology 1420 (1978).

¹⁹ On signalling, see Eric Posner, Law and Social Norms (2000).

constant, people are likely to laugh more, and thus to have a better time, when others are laughing too.

Why do some goods decrease in value when others are enjoying them? Here too there are several possibilities.

- Some goods, to some people, are status goods or, somewhat more broadly, positional goods.²⁰ Their value comes precisely from the fact that they are not widely accessible, and people like them because ownership provides a signal about the owner's status. Ownership or enjoyment of certain goods can impose "positional externalities"²¹ on those who do not have or enjoy them. Competition for status goods can create a kind of positional arms race,²² in which one-time exclusivity goods become popular and then less exclusive, and new and more expensive exclusivity goods are sought, and they too become popular and less exclusive, and so on, to the eventual detriment of all.
- The preceding point emphasizes how the actor or owner wants to appear in the eyes of others; but sometimes more important is the person's self conception. People may value sole possession even if the good in question is not a luxury item or particularly rare. Sole possession, say of a certain fashion item or of a kilim rug from Turkey, may heighten value in the eyes of the owner not because it is a signal about monetary value, but because it says something to the owner about the sort of person that the owner is. It may enable the owner to think of herself as original, or as a person of refined taste; mass consumption of the good will make it seem vulgar.
- Sometimes people value solitude and often people hate crowds. Some exclusivity goods help to ensure solitude or relative solitude, and to prevent congestion or intrusion. This is true for a house in a secluded area, of course; but the point holds too in less dramatic and more mundane settings. People might enjoy going to a nature preserve, a museum, or a beach most when few others are there; and they might be willing to pay a premium to be able to do so.

E. Informational and Reputational Effects

We have referred to the informational and reputational effects produced by the actions and statements of other people. It will be worthwhile to say a bit more about these effects, to see how they connect to the notion of solidarity goods.

Sometimes people's behavior is greatly influenced by the information carried by the behavior of relevant others. If so many people are supporting candidate X, or concerned about global warming, or viewing a certain television show, shouldn't we assume that they're right? Whenever someone says or does something, she may well create an *informational externality*.²³ If a friend goes to a new restaurant, or invests in a new stock, or supports a particular political candidate, she provides you with a signal, carrying with it certain information, one that may turn out to be an important influence on behavior.²⁴ Note, however, that informational externalities may lead people to choose certain goods, without converting those goods into solidarity goods. You may go to a certain restaurant because other people do, in the sense that the actions of others suggest that the restaurant is a good one; but you might hope that on the night that you chose to go, few others will be there. In any case informational effects are a crucial part of mass consumption; producers are well

²⁰ See Frank, *supra*.

²¹ See Robert H. Frank, Positional Externalities, in *Strategy and Choice* 25 (Richard Zackhauser ed. 1991).

²² See *id.*

²³ See Andrew Caplin & John Leahy, Miracle on Sixth Avenue: Information Externalities and Search, 108 *Econ. J.* 60 (1998).

²⁴ See Robert Shiller, *Irrational Exuberance* (2000).

aware of this fact, and they engage in pricing and other policies designed to increase the likelihood that people will learn from the apparent enthusiasm of others.²⁵

From certain actions, there is also a possibility of a *reputational effect*. If people who matter to you disapprove of those who oppose affirmative action, or of those who enjoy fast-food restaurants and Star Trek, you may be unlikely to oppose affirmative action or to speak favorably of fast-food restaurants and Star Trek. You may change your views and tastes or at least keep them to yourself. Some people may watch an opera on television, or visit the Vietnam War memorial, because other people will think less of them if they do not do so. Reputational effects may thus contribute to enjoyment or consumption of solitary or solidarity goods.

Reputational effects may even convert solitary goods into solidarity goods. Your essentially solitary pleasure from watching the exhibition is enhanced when you are told that it got good reviews, and it will now have additional instrumental value for you if many people visit the exhibition, because of the social interactions that result. You may want other people to know that you saw the exhibition, because that will increase your reputation in their eyes. (This is how reputational influence differs from an informational influence: when reputation is the motivating force, you will want other people to know what you have done or refrained from doing.)

IV. The Role of Markets and States

A. Subjective Solidarity Value, Third Party Effects, and Objective Solidarity Value

Solidarity goods are defined as such because of the value that is created by joint or simultaneous enjoyment by many. Our emphasis here has been on the increase in subjective value that comes from a shared experience. But that increase in value can take many forms; it is not merely hedonic. To the extent that solidarity goods help unify diverse people around common symbols and experiences, they can be an ingredient in social peace. Often they provide a kind of social glue; consider national celebrations, which can help members of a heterogeneous nation create, and benefit from, a shared identity and shared experiences. In this way, solidarity goods can even help contribute to a situation in which people see the needs of others and assist in meeting them. An important possibility, therefore, is that the existence of a range of solidarity goods that are widely consumed helps to make for desirable social cohesion. When such solidarity goods are salient and numerous, people are more likely to exhibit solidarity: they can come to see one another more distinctly and more directly as fellow citizens with common interests and experiences, rather than as depersonalized others whose experiences and internal lives seem remote and obscure.

The last point suggests an important distinction. Some goods will have desirable effects limited to those that enjoy them; consider partnership goods. Some solidarity goods will have effects on third parties, both positive and negative. Positive third party effects should be expected when, for example, people are motivated to engage in altruistic or other-regarding activities by virtue of shared experiences. Negative third party effects can be expected in the case of value functions that have a discriminatory feature, as with some fraternity goods, or that, in the extreme cases, embody or produce attitudes that lead to violence.

²⁵ Gary Becker, *Accounting for Tastes* (1998).

For those who believe that social states should be evaluated in something other than purely subjective terms, it will also be important to distinguish between subjective solidarity goods and objective solidarity goods. Suppose, for example, that we are not utilitarians, and that we believe that evaluation of social well-being does not depend solely on aggregated pains and pleasures. If so, we might think that there is objective solidarity value to programs on educational television, or to visits to pristine areas and cultural institutions, and that this objective value outruns their subjective solidarity value, especially if the latter is seen as hedonic only. If we think that the good effects of these experiences cannot be measured solely by reference to private preferences, objective solidarity value may be higher than the aggregate of subjective solidarity values. It may be lower as well; suppose that people derive subjective solidarity value from knowing that many people are enjoying a movie that is at once silly and very violent.

In thinking about a possible role for the state in such matters, there are of course questions here about the extent to which government's role is merely to satisfy existing preferences, and whether it is legitimate for government to take a stand on competing conceptions of the good.²⁶ Some people's enthusiasm for certain solidarity goods undoubtedly depends on a judgment that certain particular tastes and values are worth cultivating.

B. Spontaneous Generation, Cascades and Religions

It seems clear that a good society provides a wide range of solidarity goods, whether objectively or subjectively defined. A society that contains few such goods is likely to have a wide range of problems. Without the social glue that solidarity goods provide, a society might become fragmented; it might not even qualify as a society at all. Shared experiences and memories are not merely pleasant (they may in fact be traumatic) but they can be important to social stability and a range of important social values.

Sometimes people can and will generate solidarity goods spontaneously, in the sense that government is not involved (except insofar as it creates rights of private property and freedom of contract). We have emphasized that in ordinary product markets, companies will greatly profit from selling products as solidarity goods. A sneaker company, for example, may emphasize the large number of people who are wearing its product; a television broadcaster might emphasize that its program is a kind of civic event, the kind of thing that "everyone will be talking about" on the next day. It is reasonable to speculate that a nontrivial amount of commercial success comes through this route.

But there need be no self-conscious manipulation of this kind. Acting entirely on their own, groups of consumers sometimes turn certain products into solidarity goods. Sometimes producers are quite surprised by this process.²⁷ Outside of the ordinary marketplace, associations and clubs form voluntarily, and one of their central functions is to generate solidarity, demi-solidarity, or fraternity goods. Indeed, associations can increase as a result of a kind of cascade, and an understanding of solidarity goods thus casts some new light on the phenomenon of social cascades.²⁸

²⁶ For varying views, see John Rawls, *Political Liberalism* (1993); Joseph Raz, *The Morality of Freedom* (1985); Ronald Dworkin, *A Matter of Principle* (1985).

²⁷ See Gladwell, *supra* note.

²⁸ Suppose, for example, that in a society of 3000, 400 would not consume a good unless at least 100 other people are consuming it; 1000 people would not consume it unless at least 500 people are consuming it; and 1500 people would not consume it unless 1500 people are consuming it. For those eager to start a cascade, the trick is to

Of course cascades occur spontaneously without solidarity goods. If people are learning from the signals of others, a cascade can arise over a fully solitary good. People may like a Toyota Camry whether or not other people are driving Toyota Camrys; but they may have bought their Toyota Camrys because so many other people have done so. Especially interesting cascades occur when increasing numbers of people, with different thresholds for consuming the good, end up joining the process as the solidarity value continues to increase. Note that the value of the Camry *qua* solidarity good may be instrumental: the more popular the brand of car, the higher its value in the second-hand market, and it is also the cheaper and easier to find spare parts.

The success of new religions can be understood in these terms.²⁹ As we have noted, some religions construe their practices as solidarity goods. Assume, for example, that members of a church believe that an increase in membership greatly increases the value of membership. Perhaps this is so because such increases allow for more enjoyable activities, perhaps because such increases are important to the deity (and may therefore promote the wellbeing of members in this world or the next), perhaps because such increases fit with the ambition of prominent members of the church. These beliefs will create a large incentive to convert more people to the faith, and thus proselytizing is a product of the solidarity value of the religious practice.³⁰ Along the same line and in much the same terms, it is possible to think of the political activity of an ideological political movement or party as a solidarity good.

The effort to convert people to the faith, whether religious or political, may have its flip side too. The proselytizers will want not only to increase the number of members, but also to keep them from leaving the faith. For this purpose they may resort to a variety of coercive means, for example by creating psychological pressures for continued participation or by stigmatizing deserters and outside activities. On the other hand, a risk comes with increasing numbers of members: Many might attempt to receive the benefits of membership without helping to defray the costs. When this happens, the solidarity good becomes vulnerable to the free rider problem.³¹ The ultimate outcome can be coercive efforts, made privately or publicly; religious groups, or political parties, or labor unions may operate as quasi-governmental bodies, extracting taxes and otherwise imposing coercion.

C. Problems in Generating and Providing Solidarity Goods

These are tales of the spontaneous production and consumption of solidarity goods. But for such goods to be generated and provided, people must become sufficiently organized to overcome some difficulties.

1. A solidarity game. In some circumstances, the generation of solidarity goods can create a collective action problem, which is a particular version of a problem of

get 100 initial consumers (perhaps people who consider this a solitary good); once they are in place, the whole society will follow.

See Sushil Biikhchandani et al., *Learning from the Behavior of Others*, J. Econ. Persp., Summer 1998, at 151; David Hirschleifer, *The Blind Leading the Blind*, in *The New Economics of Human Behavior*.

²⁹ See Finke and Stark, *supra*, at 237-275.

³⁰ See *id.* for discussion of this process in action.

³¹ See *id.* at 253-55; Iannaccone, *supra*,

coordination.³² To see this, imagine a simple two-person society. On plausible assumptions, such a society will fail to produce a solidarity good – say, a shared viewing of a full moon – unless a collective action problem can be overcome. Assume that the benefit of individual viewing of the moon is 3; that the benefit of sleep, at the relevant time, is 4; and that the benefit of joint viewing of the moon is 5. The pay-off structure will look like this:

	Moon watch	Sleep
Moon watch	(5,5)	(3,4)
Sleep	(4,3)	(4,4)

Note that the best cell overall is obviously the upper left. It also provides a stable equilibrium, in the sense that once both parties are there, there is no incentive to deviate; this is not a prisoner's dilemma. It may, however, be a problem for the participants to get to the right place in the first instance. Row-chooser, not knowing what column-chooser will choose, will think this: If I choose M, the worst I can get is 3 (when I'm a lone moon-watcher, while column-chooser sleeps). If I choose S, I get 4 no matter what column-chooser does. If row-chooser has no idea what column-chooser will do, and if he seeks to be on the safe side and to maximize his worst-case scenario, he will choose S. Since the situation is symmetrical, column-chooser thinks the same way. The result may well be that the two will end up at (4, 4), which is also a stable equilibrium. What they need is a method that will bring them to (5, 5) instead.³³

Two people, or small groups, can usually solve this kind of problem on their own. A brief discussion, providing mutual assurances, should be sufficient.³⁴ The difficulty is more serious in larger groups, where rational and boundedly rational people may settle on inferior options simply because communication and mutual assurance can be costly and difficult. Suppose for example that many people seek a method to celebrate the memory of Martin Luther King or of Yitzhak Rabin. It is possible to make some progress simply through private efforts and educational campaigns, dedicating a certain period to their memory. Some successful efforts might eventually generate significant solidarity benefits. But it is easy to imagine circumstances in which this will not happen. Perhaps people have difficulty communicating with one another, or perhaps they lack the relevant information (involving the solidarity benefits that would follow from simultaneity).

Under certain assumptions, the best approach will be a government advertising campaign or even the declaration of a national memorial event or holiday. Note that the main function of the advertising campaign or of the declaration in such circumstances is not coercive, but rather coordinating. The goal is to signal a solution that is preferred by all. Similarly, consider a situation in which a certain television program would have a great deal of value, both distributive and collective, if and only if large numbers of people watched it. In a period of numerous entertainment options, it might be difficult to coordinate on the best outcome, in which most or all watch. Government intervention in such cases is especially attractive because once the government provides the focal point, the desirable outcome is self-enforcing and does not require further monitoring and enforcement, as opposed to, say, paying taxes or maintaining clean air. In terms of our previous example, if the government announced moon watch, and people believe that others will do what the

³² See, e.g., Edna Ullmann-Margalit, *The Emergence of Norms* 77-133 (1977); Douglas Baird, Robert Gertner, and Randal Picker, *Game Theory and the Law* 191-95 (1994).

³³ This is a version of the so-called assurance game. See A. Sen, *Choice, Welfare and Measurement* 78-79 (1982).

³⁴ For evidence, see Robert Ellickson, *Order Without Law* (1994).

government says (or people believe that the government accurately reveals people's preferences), then everyone will moon watch. As a real world example, consider the widespread phenomenon of "compliance without enforcement" – private compliance with laws that are enforced rarely or not at all, compliance often reflecting a solution to a problem of coordination,³⁵ and sometimes involving the production of solidarity goods.

2. External benefits. An additional problem has to do with a point mentioned above: sometimes solidarity goods produce external benefits that are not adequately captured by individual choices. Assume, for example, that the benefits of educational programming, or public affairs television, are not captured by individual viewers; much of the benefit is obtained by others, who learn from those who watch. This is a conventional third-party benefit, and such benefits can come from solidarity goods as from all other kinds. But there are also distinctive externalities associated with solidarity goods - above all, the externalities that follow from various forms of social glue.

If people are able to interact in productive and congenial ways in part because of the existence of solidarity goods, they themselves will certainly benefit; and third parties will benefit as well. The inculcation of group identity, or patriotism, and a general interest in public affairs, are cases in point. When people are generally interested in ensuring a well-functioning democracy, a range of benefits is likely to be received by the citizenry. (This is not to deny the potential bad effects of patriotism and citizen engagement.) The problem here is generating a sufficient number and density of solidarity goods of the socially desirable kind.

D. A Role for Law

If an unregulated market under-produces solidarity goods, government and law might help. Consider the following possibilities, simply for purposes of illustration:

1. Media policy. As several of our examples suggest, much news and entertainment programming has the quality of a solidarity good. For many people, the value of such programming dramatically increases when many people are watching. There is a no mystery why this should be so. Part of the reason is undoubtedly the social benefits that come after the show has been watched; various interactions are made possible through this route. Sometimes such programming provides desirable third party effects; sometimes it generates objective solidarity goods, together with a range of external social benefits. In these circumstances, it makes sense for government to consider policies (for example, through public subsidies) that would ensure high-quality programming, and also to provide incentives (for example, through advertising) to let people know about it and to encourage them to watch. The point bears directly on communications policy, where a democratic government, responsive to citizen aspirations, might attempt not only to allow consumers to satisfy their preferences, but to develop preferences and values of a desirable kind.³⁶

2. Public celebrations and holidays. Much of the value of public celebrations come from the fact that the celebration becomes a public event, enjoyed by large numbers of people at the same time. A national holiday is emphatically a solidarity good in both the subjective and objective sense. When the government devotes a day to celebrate national independence, or to honor the memory of a person of significance, it is not fairly subject to

³⁵ See Robert Kagan and Jerome Skolnick, Compliance Without Enforcement, in *Smoking* (Steven Sugarman ed. 1994).

³⁶ This point raises many complexities. For discussion, see C. Edwin Baker, Giving the Audience What It Wants, 58 Ohio State LJ 311 (1997); Cass R. Sunstein, Television and the Public Interest, 88 Cal. L. Rev. 499 (2000).

criticism on the ground that it is acting in an illegitimately paternalistic way. On plausible assumptions, it is ensuring a form of coordination that private persons cannot easily provide on their own. National holidays, so deemed by law and accompanied by taxpayer funds, can be justified on this ground.

A particular point here has to do with the expressive function of official (as opposed to purely private) action.³⁷ If the celebration does not have the imprimatur of the public as a whole, it is less likely to carry with it the signal that would produce the desired broad response. True, the public imprimatur may backfire when people do not trust the government, and it is also possible that some people will feel that the government has unjustifiably intruded on their freedom of action. But these adverse reactions are less likely to occur when the event in question is perceived to be a solidarity good both subjectively and objectively.

3. Culture and the environment. Environmental and cultural amenities often have the value they do because they have been enjoyed by many people over time, and will be enjoyed by many people in the future. When law protects a historic site, and immunizes it from development, part of the reason may be to ensure the solidarity value that comes from its continued existence. The same is true for protection of pristine areas, enjoyed by many people as such. Wildlife refuges, operating as focal points that are also solidarity goods, can be defended partly on this ground.

E. Bad Solidarity Goods

We have been speaking thus far as if solidarity goods are desirable to provide and as if society has an interest in encouraging their existence. This is not exactly false, but things are more complicated. First, the existence of a wide range of solitary and even exclusivity goods has its value too. These help insure and protect pluralism, diversity and autonomy, and they may encourage a wide range of experiments, even experiments in living. Legal rights of privacy are reasonably defended on this ground. Second, the use of public power to increase the enjoyment of solidarity goods may well represent an illegitimate interference with freedom, properly conceived. For many people, religious practices are solidarity goods, and efforts to pressure or force people to participate in the preferred religious activity might well seem attractive to powerful social groups. In cases of this sort, a rights-based constraint should prohibit any governmental effort to increase the enjoyment of what is, for many, a solidarity good. It is necessary to develop an independent account of rights to see when this sort of prohibition should apply.

Notwithstanding their status as such, many solidarity goods can cause serious problems. Consider the following possible solidarity goods: criminal conduct, including conspiracy; use of illegal drugs; use of guns; dangerous driving; smoking; discriminating on the basis of race and sex. Many people are more likely to engage in the relevant conduct, and to purchase the relevant goods, if other people are doing so, not simply because of informational and reputational effects, but also because the relevant experiences are genuine solidarity goods, providing increased enjoyment and reduced risk. There is safety in numbers. The individual interest in engaging in activity that is harmful, to self and to others, may well increase if other people are doing the same thing. If certain social bads are solidarity goods, preventive strategies immediately suggest themselves; the goal should be to reduce signals of large social involvement to the point where the numbers begin to “tip” in the opposite direction. Indeed, a whole approach to the problem of crime – the “fixing

³⁷ See Cass R. Sunstein, On the Expressive Function of Law, 144 U Pa L Rev 2021 (1996).

broken windows” idea – depends on the notion that crime is contagious, with epidemic-like qualities.³⁸

Solidarity goods might also cause undesirable conflict. Suppose two groups compete for new members in order to enhance the solidarity value of what they provide to existing members. One way to compete for members is to make the competing group less attractive, for example by slandering it or by discriminating in one’s own private business or social dealings against members of that group. Religion and ethnicity are often pretexts, or focal points, around which solidarity goods are created; they become the rallying cry when groups come into conflict. A strand of the liberal tradition is indeed suspicious of intermediary groups that come between citizen and state, and this may be part of the reason. Note, however, that the bad effects here are not strictly attributable to solidarity goods, but rather to what we have called fraternity goods, where people care about the goods’ being consumed only by people belonging to a particular category.

It is important to discourage the production of solidarity goods that cause harm to others and (more controversially) to self. Interesting cases here involve a collective action problem of a distinctive kind. Suppose, for example, that people receive little solitary value from some activity X (smoking, using drugs, carrying a gun, driving dangerously). Suppose that the solidarity value is what makes them nonetheless engage in that activity. Thus far there is no problem; this is a standard case. But suppose the problem is that people wish to stop their practice.³⁹ They wish to be discouraged from doing what they do, through a change in the prevailing social norms. They may want, for example, a norm against using drugs, or driving dangerously, so that the social meaning of either action is not “bravery” or “rejecting oppressive convention” but “stupidity” or “irredeemable recklessness.” The problem is that individuals cannot change that norm, and the resulting social meaning, on their own.⁴⁰ Here too government and law might help, via education, incentives, or perhaps even coercion, producing a situation in which solidarity value comes from some other source, possibly through the altered meaning of the activities in question.

V. Conclusion

We have sought to draw attention to an important characteristic of certain goods, or more precisely a characteristic of people’s relations to those goods: an increase or decrease in value as a result of the number of people who are consuming or enjoying them. Some goods significantly increase in value with the increase in the number of people consuming or enjoying them, whereas other goods decrease in value for exactly the same reason. This is a central feature of human relationships, in the marketplace as everywhere else. Frequently people make consumption choices precisely in order to signal or to ensure shared experiences of one sort or another.

Contrary to a conventional concern about market relations, the communal impulse -- in more or less diluted forms -- continually reasserts itself in ordinary consumption choices. Advertisers and producers are well-aware of this fact and sometimes attempt to exploit it for their own benefit. But sometimes consumers, operating on their own, make unexpected choices and linkages, and solidarity goods emerge even when producers do not attempt self-consciously to promote them.⁴¹ The increase or decrease in value might be limited to consumers or users, and indeed that is what most of our discussion has assumed.

³⁸ For general discussion, see Malcolm Gladwell, *The Tipping Point* (2000).

³⁹ See the treatment of second-order desires in Harry Frankfurt, *Freedom of the Will and the Concept of a Preference*, 68 *J Phil* 5 (1971).

⁴⁰ See Lawrence Lessig, *The Regulation of Social Meaning*, 61 *U Chi L Rev* 1 (1997).

⁴¹ For examples, see Gladwell, *supra* note.

But as we have noted, solidarity goods can produce positive or negative third-party effects. Some of them count as objective solidarity goods as well or instead; environmental and communications policies can be understood in this light.

In many legal systems, the value of exclusivity goods is widely acknowledged; for example, rights of privacy tend to generate and to protect exclusivity goods. There is much less understanding of the value of solidarity goods and the occasional need for legal assistance in providing them. The bad news is that sometimes such goods, even if they have already been produced, will not become widely consumed on their own. The good news is that producers have strong incentives to overcome the resulting problems. The better news is that with relatively small encouragement, law and policy can help ensure the production of solidarity goods, and also that once produced, a large number of people will continue to consume them without much in the way of further assistance. The result will be optimal or near-optimal consumption with only a modest “push” from government and law. When this is not the case – because, for example, of an absence of information, bounded rationality, or third party effects – a more aggressive role for law may sometimes be justified in principle.

Our main goal here, however, has not been to prescribe any particular role for law, but to provide some insights into the importance of both shared and exclusive experiences in the consumption and enjoyment of goods. A better understanding on that score casts light on a wide range of otherwise puzzling choices, both private and public, in market economies. It also helps explain the maintenance of group identifications, and the creation of new ones, in environments that might otherwise seem inhospitable to them.

FIGURE 1

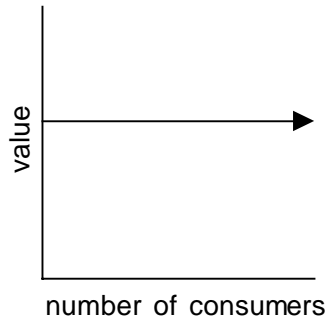


FIGURE 2

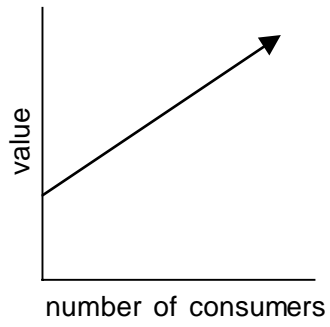


FIGURE 3

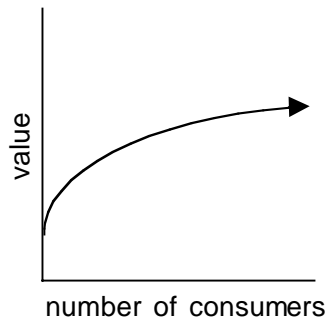


FIGURE 4

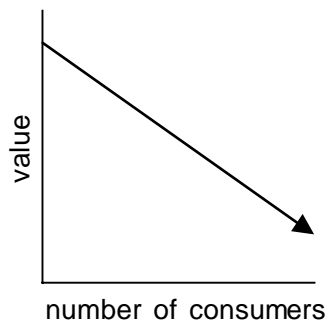


FIGURE 5

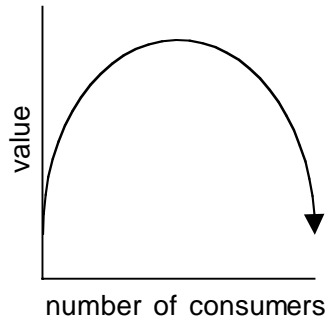


FIGURE 6

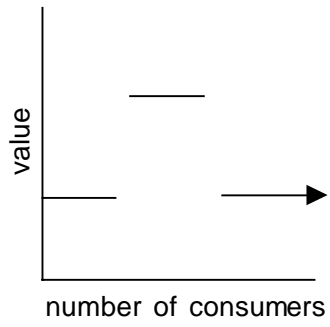
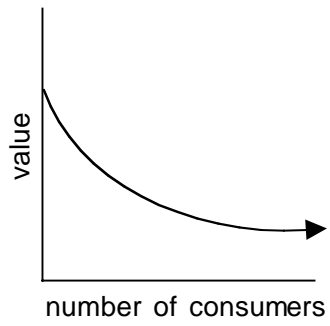


FIGURE 7



Readers with comments should address them to:

Cass R. Sunstein
Karl N. Llewellyn Distinguished Service Professor of Jurisprudence
University of Chicago Law School
1111 East 60th Street
Chicago, IL 60637

Chicago Working Papers in Law and Economics
(Second Series)

1. William M. Landes, Copyright Protection of Letters, Diaries and Other Unpublished Works: An Economic Approach (July 1991).
2. Richard A. Epstein, The Path to *The T. J. Hooper*: The Theory and History of Custom in the Law of Tort (August 1991).
3. Cass R. Sunstein, On Property and Constitutionalism (September 1991).
4. Richard A. Posner, Blackmail, Privacy, and Freedom of Contract (February 1992).
5. Randal C. Picker, Security Interests, Misbehavior, and Common Pools (February 1992).
6. Tomas J. Philipson & Richard A. Posner, Optimal Regulation of AIDS (April 1992).
7. Douglas G. Baird, Revisiting Auctions in Chapter 11 (April 1992).
8. William M. Landes, Sequential versus Unitary Trials: An Economic Analysis (July 1992).
9. William M. Landes & Richard A. Posner, The Influence of Economics on Law: A Quantitative Study (August 1992).
10. Alan O. Sykes, The Welfare Economics of Immigration Law: A Theoretical Survey With An Analysis of U.S. Policy (September 1992).
11. Douglas G. Baird, 1992 Katz Lecture: Reconstructing Contracts (November 1992).
12. Gary S. Becker, The Economic Way of Looking at Life (January 1993).
13. J. Mark Ramseyer, Credibly Committing to Efficiency Wages: Cotton Spinning Cartels in Imperial Japan (March 1993).
14. Cass R. Sunstein, Endogenous Preferences, Environmental Law (April 1993).
15. Richard A. Posner, What Do Judges and Justices Maximize? (The Same Thing Everyone Else Does) (April 1993).
16. Lucian Arye Bebchuk and Randal C. Picker, Bankruptcy Rules, Managerial Entrenchment, and Firm-Specific Human Capital (August 1993).

17. J. Mark Ramseyer, Explicit Reasons for Implicit Contracts: The Legal Logic to the Japanese Main Bank System (August 1993).
18. William M. Landes and Richard A. Posner, The Economics of Anticipatory Adjudication (September 1993).
19. Kenneth W. Dam, The Economic Underpinnings of Patent Law (September 1993).
20. Alan O. Sykes, An Introduction to Regression Analysis (October 1993).
21. Richard A. Epstein, The Ubiquity of the Benefit Principle (March 1994).
22. Randal C. Picker, An Introduction to Game Theory and the Law (June 1994).
23. William M. Landes, Counterclaims: An Economic Analysis (June 1994).
24. J. Mark Ramseyer, The Market for Children: Evidence from Early Modern Japan (August 1994).
25. Robert H. Gertner and Geoffrey P. Miller, Settlement Escrows (August 1994).
26. Kenneth W. Dam, Some Economic Considerations in the Intellectual Property Protection of Software (August 1994).
27. Cass R. Sunstein, Rules and Rulelessness, (October 1994).
28. David Friedman, More Justice for Less Money: A Step Beyond *Cimino* (December 1994).
29. Daniel Shaviro, Budget Deficits and the Intergenerational Distribution of Lifetime Consumption (January 1995).
30. Douglas G. Baird, The Law and Economics of Contract Damages (February 1995).
31. Daniel Kessler, Thomas Meites, and Geoffrey P. Miller, Explaining Deviations from the Fifty Percent Rule: A Multimodal Approach to the Selection of Cases for Litigation (March 1995).
32. Geoffrey P. Miller, Das Kapital: Solvency Regulation of the American Business Enterprise (April 1995).
33. Richard Craswell, Freedom of Contract (August 1995).
34. J. Mark Ramseyer, Public Choice (November 1995).
35. Kenneth W. Dam, Intellectual Property in an Age of Software and Biotechnology (November 1995).

36. Cass R. Sunstein, Social Norms and Social Roles (January 1996).
37. J. Mark Ramseyer and Eric B. Rasmusen, Judicial Independence in Civil Law Regimes: Econometrics from Japan (January 1996).
38. Richard A. Epstein, Transaction Costs and Property Rights: Or Do Good Fences Make Good Neighbors? (March 1996).
39. Cass R. Sunstein, The Cost-Benefit State (May 1996).
40. William M. Landes and Richard A. Posner, The Economics of Legal Disputes Over the Ownership of Works of Art and Other Collectibles (July 1996).
41. John R. Lott, Jr. and David B. Mustard, Crime, Deterrence, and Right-to-Carry Concealed Handguns (August 1996).
42. Cass R. Sunstein, Health-Health Tradeoffs (September 1996).
43. G. Baird, The Hidden Virtues of Chapter 11: An Overview of the Law and Economics of Financially Distressed Firms (March 1997).
44. Richard A. Posner, Community, Wealth, and Equality (March 1997).
45. William M. Landes, The Art of Law and Economics: An Autobiographical Essay (March 1997).
46. Cass R. Sunstein, Behavioral Analysis of Law (April 1997).
47. John R. Lott, Jr. and Kermit Daniel, Term Limits and Electoral Competitiveness: Evidence from California's State Legislative Races (May 1997).
48. Randal C. Picker, Simple Games in a Complex World: A Generative Approach to the Adoption of Norms (June 1997).
49. Richard A. Epstein, Contracts Small and Contracts Large: Contract Law through the Lens of Laissez-Faire (August 1997).
50. Cass R. Sunstein, Daniel Kahneman, and David Schkade, Assessing Punitive Damages (with Notes on Cognition and Valuation in Law) (December 1997).
51. William M. Landes, Lawrence Lessig, and Michael E. Solimine, Judicial Influence: A Citation Analysis of Federal Courts of Appeals Judges (January 1998).
52. John R. Lott, Jr., A Simple Explanation for Why Campaign Expenditures are Increasing: The Government is Getting Bigger (February 1998).

53. Richard A. Posner, Values and Consequences: An Introduction to Economic Analysis of Law (March 1998).
54. Denise DiPasquale and Edward L. Glaeser, Incentives and Social Capital: Are Homeowners Better Citizens? (April 1998).
55. Christine Jolls, Cass R. Sunstein, and Richard Thaler, A Behavioral Approach to Law and Economics (May 1998).
56. John R. Lott, Jr., Does a Helping Hand Put Others At Risk?: Affirmative Action, Police Departments, and Crime (May 1998).
57. Cass R. Sunstein and Edna Ullmann-Margalit, Second-Order Decisions (June 1998).
58. Jonathan M. Karpoff and John R. Lott, Jr., Punitive Damages: Their Determinants, Effects on Firm Value, and the Impact of Supreme Court and Congressional Attempts to Limit Awards (July 1998).
59. Kenneth W. Dam, Self-Help in the Digital Jungle (August 1998).
60. John R. Lott, Jr., How Dramatically Did Women's Suffrage Change the Size and Scope of Government? (September 1998)
61. Kevin A. Kordana and Eric A. Posner, A Positive Theory of Chapter 11 (October 1998)
62. David A. Weisbach, Line Drawing, Doctrine, and Efficiency in the Tax Law (November 1998)
63. Jack L. Goldsmith and Eric A. Posner, A Theory of Customary International Law (November 1998)
64. John R. Lott, Jr., Public Schooling, Indoctrination, and Totalitarianism (December 1998)
65. Cass R. Sunstein, Private Broadcasters and the Public Interest: Notes Toward A "Third Way" (January 1999)
66. Richard A. Posner, An Economic Approach to the Law of Evidence (February 1999)
67. Yannis Bakos, Erik Brynjolfsson, Douglas Lichtman, Shared Information Goods (February 1999)
68. Kenneth W. Dam, Intellectual Property and the Academic Enterprise (February 1999)
69. Gertrud M. Fremling and Richard A. Posner, Status Signaling and the Law, with Particular Application to Sexual Harassment (March 1999)

70. Cass R. Sunstein, Must Formalism Be Defended Empirically? (March 1999)
71. Jonathan M. Karpoff, John R. Lott, Jr., and Graeme Rankine, Environmental Violations, Legal Penalties, and Reputation Costs (March 1999)
72. Matthew D. Adler and Eric A. Posner, Rethinking Cost-Benefit Analysis (April 1999)
73. John R. Lott, Jr. and William M. Landes, Multiple Victim Public Shooting, Bombings, and Right-to-Carry Concealed Handgun Laws: Contrasting Private and Public Law Enforcement (April 1999)
74. Lisa Bernstein, The Questionable Empirical Basis of Article 2's Incorporation Strategy: A Preliminary Study (May 1999)
75. Richard A. Epstein, Deconstructing Privacy: and Putting It Back Together Again (May 1999)
76. William M. Landes, Winning the Art Lottery: The Economic Returns to the Ganz Collection (May 1999)
77. Cass R. Sunstein, David Schkade, and Daniel Kahneman, Do People Want Optimal Deterrence? (June 1999)
78. Tomas J. Philipson and Richard A. Posner, The Long-Run Growth in Obesity as a Function of Technological Change (June 1999)
79. David A. Weisbach, Ironing Out the Flat Tax (August 1999)
80. Eric A. Posner, A Theory of Contract Law under Conditions of Radical Judicial Error (August 1999)
81. David Schkade, Cass R. Sunstein, and Daniel Kahneman, Are Juries Less Erratic than Individuals? Deliberation, Polarization, and Punitive Damages (September 1999)
82. Cass R. Sunstein, Nondelegation Canons (September 1999)
83. Richard A. Posner, The Theory and Practice of Citations Analysis, with Special Reference to Law and Economics (September 1999)
84. Randal C. Picker, Regulating Network Industries: A Look at *Intel* (October 1999)
85. Cass R. Sunstein, Cognition and Cost-Benefit Analysis (October 1999)

86. Douglas G. Baird and Edward R. Morrison, Optimal Timing and Legal Decisionmaking: The Case of the Liquidation Decision in Bankruptcy (October 1999)
87. Gertrud M. Fremling and Richard A. Posner, Market Signaling of Personal Characteristics (November 1999)
88. Matthew D. Adler and Eric A. Posner, Implementing Cost-Benefit Analysis When Preferences Are Distorted (November 1999)
89. Richard A. Posner, Orwell versus Huxley: Economics, Technology, Privacy, and Satire (November 1999)
90. David A. Weisbach, Should the Tax Law Require Current Accrual of Interest on Derivative Financial Instruments? (December 1999)
91. Cass R. Sunstein, The Law of Group Polarization (December 1999)
92. Eric A. Posner, Agency Models in Law and Economics (January 2000)
93. Karen Eggleston, Eric A. Posner, and Richard Zeckhauser, Simplicity and Complexity in Contracts (January 2000)
94. Douglas G. Baird and Robert K. Rasmussen, Boyd's Legacy and Blackstone's Ghost (February 2000)
95. David Schkade, Cass R. Sunstein, Daniel Kahneman, Deliberating about Dollars: The Severity Shift (February 2000)
96. Richard A. Posner and Eric B. Rasmusen, Creating and Enforcing Norms, with Special Reference to Sanctions (March 2000)
97. Douglas Lichtman, Property Rights in Emerging Platform Technologies (April 2000)
98. Cass R. Sunstein and Edna Ullmann-Margalit, Solidarity in Consumption (May 2000)