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HEADLINE: When Less Is Not More

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BODY:

The artist Gary Larson published a "Far Side" cartoon a few years ago under the heading "Optimistic Parents." A boy with a glazed expression sits clutching the joystick as he plays a video game, his parents watching from the doorway. A thought-bubble above their heads depicts the newspaper want ads years later, with column after column seeking applicants for high-paying jobs requiring a minimum of 30,000 hours of video game experience.

Yeah, right. Even in our increasingly computerized world, dexterity with a video joystick is of virtually no value to employers, and the endless hours spent acquiring it divert children from developing skills that really matter, like writing clearly. To learn to write, it helps to do a lot of reading. Many parents feared that the compellingly realistic images of video games threatened to eliminate reading from the American childhood experience.

False alarm. Parents across the land have been thrilled to see their children curled up with the 734-page fourth installment of the Harry Potter series. With an initial print run of 3.8 million copies and millions more on the way, our children will spend more time reading this summer than ever before.

How did the author J. K. Rowling manage to use ink on a printed page to defeat the pull of modern electronic wizardry? Critics may be divided on the literary merits, but young readers really like these books. There have always been good books, however, and quality alone cannot explain the most dazzlingly successful book launch in history.

To understand the phenomenon, we must look to the special properties that make markets for popular culture so different from the markets described in economics textbooks. In textbook accounts, the attractiveness of any given

product depends on its style, quality and other specific attributes. But when books, movies, sporting events and TV programs are being sold, the choices made by other buyers also matter a great deal.

After all, an important element of reading a book or seeing a movie is the ability to discuss the experience with friends. Indeed, once the popularity of a cultural experience reaches a certain threshold, failure to consume it may entail significant social costs. For instance, this past winter, many people simply could not participate in office conversations on Mondays if they had failed to watch "The Sopranos" the night before. Current sales levels suggest that children who haven't read the latest Potter novel may pay a similar social price.

Markets for popular cultural offerings differ in a second way from ordinary markets, in which the more one consumes of something, the less one is willing to pay to obtain more of it. Even a hungry person, for example, generally would be willing to pay less for a second sandwich than for the first. (This is the law of diminishing marginal utility.) In many markets for popular culture, the actual pattern is the reverse. Early fans of "Saturday Night Live" will recall, for instance, that although the first of John Belushi's Samurai skits was hilarious, it had nothing like the impact of later episodes, in which Mr. Belushi's mere appearance in his Samurai outfit summoned howls of laughter. Similarly, for many young readers, the more Potter novels they read, the keener their desire to read another.

Self-reinforcing processes like these give rise to winner-take-all markets, in which small differences between contestants often produce enormous differences in economic reward. In such markets, only a small handful from the initial multitude of contestants end up as big winners, and the question of who those winners will be is often decided by differences that may seem insignificant at the outset.

Winner-take-all markets often encourage furious jockeying for position among contestants. Other authors, perhaps a wastefully large number, will rush to imitate Ms. Rowling's success. Most of their efforts may prove fruitless, yet we must be grateful for the explosively self-reinforcing processes that characterize this particular market. Without them, no book could hope to compete with the more spectacular media that vie for our children's attention.

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