

The Economics of Fraternity Hazing¹

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Abstract: This paper presents a rational choice theory of fraternity hazing. I demonstrate that fraternities are multiproduct clubs which produce two unique club goods: group social deviance and career networks. Since a characteristic of both goods is nonanonymous crowding, fraternities must limit group size and select members who are valuable inputs into the production of these goods. Sorting based on willingness to pay causes a lemons problem, so incumbent members utilize hazing as a coarse exclusion mechanism to impose disproportionate costs on undesirable initiates. I demonstrate that far from being destructive, hazing is a necessary feature of fraternities, as it minimizes numerous costs inherent in club good production.

Keywords: Hazing, Fraternities, Club Goods, Nonanonymous Crowding, Exclusion Mechanism

JEL Codes: D71, D82, D85

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They say choose wisely. That's why I was chosen. (Anonymous Fraternity Slogan)

I. Introductions All Around

In 1974, several Monmouth College fraternity brothers forced 19-year-old initiate William Flowers to dig his own grave and lie in it. Flowers was the first black student to pledge the Zeta Beta Tau fraternity. After entering the grave, the walls collapsed on Flowers, burying him alive. The young man failed to free himself and soon suffocated (*Minneapolis Star* 1974). Although the details of Flowers' death are shocking, the event is far from unique. Since the inception of American college fraternities in the early 19th century, hazing has killed dozens of initiates due to drowning, excessive beating, falling from cliffs while blindfolded, forced alcohol poisoning, and brutal calisthenics (Finkel 2002). Countless other hopeful members have suffered branding, sexual assault, psychological abuse, and the forced ingestion of unspeakable substances.

Although hazing occurs in other organizations, fraternities have drawn special attention, as it seems to be the norm rather than an occasional phenomenon. Forty-four states have passed anti-hazing legislation, and countless universities have also forbidden the practice³ (Allen and Madden 2008). Furthermore, Public opinion decries such behavior, and surveys of students reveal strong negative sentiment (Allen et. al. 2018). Despite the backlash, fraternity hazing remains as popular as ever, with hazing deaths exploding in recent decades⁴ (Banks and Archibald 2020). From 2006-2014, nine initiates died pledging the Sigma Alpha Epsilon fraternity alone (Rosenberg and Mosca 2016).

³ In 1990, the National Panhellenic Conference, the umbrella organization of black fraternities and sororities, banned pledging altogether. After the ban, hazing practices intensified (Parks et. al. 2015).

⁴ At least one hazing death has occurred each year since 1970 (Rosenberg and Mosca 2016).

The persistence of hazing defies traditional explanation. Some scholars utilize evolutionary biology to propose an instinctual need to test outsiders (Cimino 2011). Others appeal to fraternity culture and hypermasculinity (Martin and Hummer 1989). Still others attribute the cause to widespread cognitive bias (Parks and Spangenberg 2019). Instead of appealing to irrational behavior, this paper's purpose is to develop a rational choice theory of fraternity hazing⁵. Since fraternities must compete for members, economic theory requires that hazing serves a valuable economic function. Otherwise, entrepreneurial members would eliminate the practice to better attract students. To explain this valuable function, I identify the unique club goods fraternities produce and demonstrate the role hazing plays in their production. My thesis is that fraternity members use hazing as a membership toll to limit club size and sort for desirable members by imposing a higher cost on individuals who are not valuable to the organization's goals.

My paper contributes to three distinct literatures within the broader club goods literature following Buchanan's seminal work (1965). First, I contribute to the literature on the use of exclusion mechanisms in clubs to prevent member crowding (Sandler 1984), (Fraser and Hollander 1992). I also contribute to the literature on exclusionary clubs, where clubs seek to include some member characteristics and exclude others (DeSerpa 1977), (Basu 1989), (Scotchmer 1994). The transaction cost literature of clubs is also relevant to my paper (Berglas 1976), (Helsley and Strange 1991), (Lee 1991), (Silva and Kahn 1993), particularly the literature focusing on adverse selection. In addition to the club goods literature, I also add to the literature on obscure rituals in religious groups and other collectives (Iannaccone 1992).

⁵ Pinto et. al. (2020) propose a "rational choice theory" of academic hazing, by which they mean the benefits of enduring hazing outweigh the costs. This paper, however, goes further by identifying the valuable economic function hazing serves.

To date, the club goods literature focuses only on the use of exclusion mechanisms to limit congestion and sort for committed members. I extend the analysis to demonstrate how clubs can also alter the *nature* of the mechanism to sort for characteristics other than willingness to pay. Furthermore, the integration of transaction cost analysis with club theory has focused on exclusion costs, adverse selection, and moral hazard. I add to this literature in two distinct ways. First, I demonstrate how exclusion mechanisms designed to eliminate moral hazard can themselves create adverse selection. Second, I introduce the possibility that members practice certain *ex post* opportunistic behaviors.

This paper studies only American college fraternities and does not attempt to explain hazing practices in marching bands, varsity sports, and the military, etc. Certain stylized differences exist between fraternity hazing and hazing in these organizations, although aspects of my framework may apply to them as well. I organize this paper as follows: in section one, I develop an economic theory of hazing by identifying the unique club goods fraternities produce and explaining how hazing assists in their production. In section two, I draw several empirical implications from my theory and draw on empirical research to test these implications. Section three concludes. I demonstrate that hazing overcomes extreme information asymmetry regarding member quality and minimizes numerous costs associated with club good production.

II. An Economic Theory of Hazing

According to historian Nicholas Syrett, the first true fraternity arose in 1825 when five seniors of Union College in Schenectady, NY formed the Kappa Alpha Society (2009). Within two years, two more fraternities formed. Within twenty-five years, the organizations became an integral part of university life nationwide. According to Syrett, men formed fraternities as a means of resisting overbearing faculty. The groups also became a way to prepare for a career

when colleges still trained all students to become ministers. Fraternities quickly adopted a governance system where a central authority grants charters to local chapters at various universities. Groups also began using Greek letters and exotic insignia to represent the group (Welton 1920). Most importantly, hazing began to occur almost as soon as fraternities formed in 1825. Since then, hazing has only grown in prevalence and degree (Banks and Archibald 2020).

The first step to explain fraternities' practices is to identify the unique club goods they produce. A club is any voluntary organization that either shares production costs, shares member attributes, or shares an excludable good (Sandler and Tschirhart 1997). Essentially, clubs are organizations which produce club goods. Club goods are like public goods in that they are non-rivalrous in consumption, yet unlike public goods they are excludable (McNutt 1999). Some examples of club goods are highways, hospitals, libraries, and universities. One barrier all clubs face in producing these goods is the possibility of crowding. As one scholar writes, "the economics of clubs is the economics of sharing." (De Serpa 1977). Although some club goods display positive returns to crowding to a point (a church worship service, for example), congestion effects will eventually lower the value of all club goods.

Two vital requirements for all clubs, therefore, are to determine optimal membership size and to identify the best way to exclude members. Usually, club members utilize a membership toll or "congestion price", which they can vary to control membership (Marciano 2021). If the members levy the toll on a repeat purchase basis, it is "fine" exclusion. A drawback to fine exclusion is that paying each time one uses a service is costly. If the toll is a single membership fee, it is "coarse" exclusion. A drawback to coarse exclusion is that members with high demand are more willing to pay and crowd out those with low demand (Sandler and Tschirhart 1997).

Oddly, no scholars have attempted to identify which club goods fraternities produce. One problem is that scholars often treat fraternities as social clubs which provide a desirable social atmosphere and living arrangement for students. Although this conception is true, a social atmosphere is nonunique to fraternities, as many types of clubs provide a beneficial atmosphere, including churches, country clubs, masonic lodges, and college housing groups. Since none of these organizations practice degrading initiation rituals, the provision of a social atmosphere is insufficient to explain variation in group characteristics.

Besides a social atmosphere, I argue fraternities produce two unique club goods: group deviant behavior and career networks. In the literature, scholars label clubs that produce multiple goods “multiproduct clubs”. A feature of multiproduct clubs is that they must determine the relative quantity of each good to produce to attract members. Of course, some fraternities engage in less group deviant behavior than others, and some engage in none. The same analysis applies to the career network. Some fraternities may produce neither club good, functioning as a mere social organization. The implication is that hazing will only occur in fraternities that produce at least one of these goods and will exhibit different characteristics if a group produces more of one than another.

A. Group Social Deviance

The first good fraternities produce is group deviant behavior. In society, fraternities are synonymous with socially deviant behavior, and anthropologists and sociologists struggle to explain why. Empirical studies reveal that fraternity members are significantly more likely to be binge drinkers⁶, engage in fights, smoke marijuana, commit sexual assault, and practice virtually

⁶ 90% of fraternity members are classified as binge drinkers (5 or more drinks per occasion) (Caudill et. al. 2006).

any other deviant behavior than their peers (Ragsdale et. al. 2012), (McCabe et. al. 2005), (Scott-Sheldon et. al. 2008). Fraternities also often compile exam and homework answer keys for various university classes. They also have a reputation for hypermasculinity, noise, and racism (Rosenberg and Mosca 2016). In economic analysis, one takes individuals' preferences as given instead of trying to explain their motivation. Indeed, research suggests that Greek members have preferences for such behavior before they join a fraternity (McCabe et. al. 2005).

Fraternities provide a valuable service to individuals who desire to perform such deviant acts by providing a social group of members who engage in the behavior together. Getting blackout drunk is fun but doing so in a social group may be even better. In addition to performing the acts themselves, fraternities provide members with a group of individuals who share their preferences and way of life. Many individuals possess a desire to be part of a movement or organization greater than themselves, and fraternities provide that value to those who wish to engage in socially deviant behavior.

In addition to providing a beneficial environment, fraternities can also internalize certain costs of performing deviant behaviors. First, they can internalize the social costs. Engaging in drug use, for example, by oneself incurs a significant social stigma, and many will label the individual a deviant. Performing the behavior with a large group, however, normalizes the practice and provides one an identity within a community of like-minded individuals. Second, fraternities can internalize the costs of being caught and punished for such behavior. The most obvious way they internalize such costs is by providing off-campus housing to confine the behavior away from the university. Empirical research indicates that most illicit activity occurs in off-campus frat housing (Ragsdale et. al. 2012).

In addition to concealing activities, the organizations can screen out participants who would “squeal” to the authorities. For instance, attending an underage drinking party with many unknown participants raises the chance that someone will not support the activities and notify the university or law enforcement. Fraternities overcome this problem by vetting potential group members and only organizing such parties with other fraternities. Furthermore, to disincentivize the university to enforce rules against members, fraternity alumni often make substantial donations to the school. Research indicates that Greek alumni donate significantly more than do non-Greek alums (Harrison et. al. 1995). Fraternities can also build a reputable brand name by publicly donating to charity and performing community service (Banks and Archibald 2020), which incentivizes society to overlook their actions behind closed doors.

Finally, fraternity membership provides strength in numbers if caught by university authorities. Although the suspension or expulsion of a single deviant student costs the university little, expulsion of dozens of students at once causes the loss of significant tuition funds. Furthermore, such group punishments are more public in nature, and public scandals lower enrollment on average by 10% (Rooney and Smith 2019). Strait-laced students will avoid a school if it acquires a reputation for illicit activities among students, and deviant students will avoid it if it acquires a reputation for intolerance toward such behaviors. In practice, the harshest punishment universities levy is the revoking of a group charter⁷— a consequence far milder than the loss of one’s degree (Rosenberg and Mosca 2016).

A potential criticism of this framework is that it fails to distinguish fraternities from groups of friends who spontaneously exert their preferences to perform deviant behavior. Some may

⁷ Administrations often levy no greater punishment even in cases of group rape and crimes of similar severity (Rosenberg and Mosca 2016).

disagree that fraternities are a “firm” in the business of producing group social deviance but are merely groups of friends engaging in certain activities. The response to this criticism is threefold. First, fraternities are intergenerational clubs which exhibit consistent characteristics over time. Second, the friend group classification cannot explain the disproportionate amount of illicit behavior Greek members engage in relative to other clubs or informal friend groups. Third, relationships can indeed provide group deviancy, but fraternities are distinct because the members form relationships for the purpose of producing group deviancy. Friendships form for the purpose of friendship, then friends can spontaneously exert their preferences as friends. Ultimately, whether one categorizes fraternities as a “firm” or not leaves the analysis unchanged, as fraternities are still organizations with unusual practices that provide club goods.

A unique feature of group social deviance is the derivation of its value from nonanonymous crowding. Nonanonymous crowding occurs when the characteristics of other members sharing the good influences the value of consuming the good itself (Sandler and Tschirhart 1997). For some club goods, the utility derived from consumption is independent of the characteristics of other consumers. One example is a hospital. Generally, patients feel indifferent to the personality, income, or attractiveness of a neighboring patient. For goods involving social interaction, however, these characteristics matter a great deal. Group deviance depends on all members being invested in the activity and enjoying it, as well as on the temperaments and personalities of those present. The good’s value rises when consumed with members of similar attributes to oneself, and it rises when consumed with high social capital individuals (ex. superior personality and popularity).

This requirement presents a dilemma: incumbents must exclude members to fix the optimal group size, but they must also exclude certain kinds of individuals to ensure that only valuable

members join. This form of exclusion is difficult. In theory, the best way is through price discrimination. Incumbents could assess the value of a potential member and charge a price relative to the perceived value. Unfortunately, measuring the characteristics of members *ex ante* is costly, as it requires the individual to divulge information known only to himself. Accurately assessing one's moral character, for instance, requires extensive observation over time. One alternative exclusion mechanism is altering the nature of the good produced. Golf courses, for example, can include more water traps, longer holes, and thinner fairways to attract fewer yet higher-skilled golfers (Sandler 2013).

Unfortunately, fraternity members cannot alter the nature of group social deviance to attract desirable initiates, as they cannot advertise such behavior in the first place. The presence of nonanonymous crowding and the inability to advertise imposes several costs on the production of group deviant behavior. To begin with *ex ante* costs, information asymmetry when choosing members is quite extreme. Initiates know far more about their own personalities and their willingness to participate in production than incumbent members. This information asymmetry leads to adverse selection, as members face a greater incentive to join if the average value of members in the group exceeds their own value.

In this scenario, a monetary membership toll creates undesirable incentives. Since below-average members gain more from joining a group where everyone's input is greater than their own, they will on average have a higher willingness to pay than those with above-average qualities. This adverse selection creates a lemons problem. Eventually, the average quality of fraternity members decreases to the point where only the least desirable individuals are members. Pertaining to group social deviance, quality of members exists on several margins. Greater ability to provide and procure alcohol, marijuana, and other illegal substances, for instance,

makes one a high-quality member. A member with high social capital, such as a likeable personality or popularity may also be more valuable. Members more likely to contribute to organizing parties or charitable activities is a further example. If a member is already able to procure alcohol on his own, he benefits less from joining the group than someone who cannot. On average, the benefit of joining a fraternity is higher for low-quality individuals, because they gain more through association with popular members, increased access to illicit substances, etc. than do high-quality individuals. If left unsolved, the lemons problem would render the market unable to exist.

A second *ex ante* cost of producing group deviance is measurement costs of potential members. Since fraternities cannot advertise the goods for fear of getting caught, they must themselves monitor the attributes of students and determine whom to recruit. Such monitoring is costly. Discovering secret attributes about someone such as their tendencies to engage in illicit activity likely requires spying. In addition, individuals with these attributes tend to make extra efforts to conceal them. High measurement costs render the selection of appropriate members difficult indeed.

Regarding *ex post* costs, one potential cost is that of opportunistic behavior of members. For example, new members upon observing the illicit activities may “squeal” to the university administration or law enforcement. Members may squeal due to morals or merely for the recognition associated with compromising a well-known fraternity. Another possibility is that the importance of Greek secrecy makes members more valuable to other fraternities after learning the one’s secrets. Fraternities are notoriously secretive about their activities, histories, handshakes, and rituals (Parks et. al. 2016, p. 131). Since much of a group’s value derives from secrecy, and since fraternities engage in stiff competition for members, a great incentive exists

for groups to “flip” members. The potential for opportunistic behavior makes it crucial that incumbents exclude undesirable members.

A second *ex post* cost is the potential for free riding. Whenever collective action exists, free riding is a concern (Iannaccone 1992). As group size increases, the marginal benefit of contributing to production decreases, and the marginal cost of monitoring increases. Free riding members may be tempted to shirk from contributing to the social atmosphere, procuring substances, etc. and benefit from others’ work. High-participation members cannot monitor all members if the group size is too large. Furthermore, assessment of an individual’s effort is difficult even when monitoring exists. Effort related to social involvement is unquantifiable, rendering the awarding of subsidies to incentivize good behavior infeasible.

Although most clubs levy a monetary fee to limit congestion, this fee does little to overcome the costs mentioned above. Because a repeat purchase approach to social activity is costly, a coarse exclusion mechanism is desirable for fraternities. Monetary coarse exclusion can work somewhat to sort for committed members. Indeed, fraternities do charge monetary dues to members (IFC 2010). Monetary fees are advantageous because they provide funding to produce club goods. Among other things, fraternities require funds to purchase party equipment, to maintain off-campus housing, and to invest in clothing for brand development. Monetary tolls also exclude uncommitted members, as individuals who place greater value on membership are more willing to pay.

Although monetary fees select members who value the club goods most, they fail to select members who are valuable inputs in production. My previous analysis demonstrates that below-average quality individuals value the good more than above-average quality individuals. Furthermore, although monetary fees can theoretically sort for committed members, incumbents

cannot advertise to what members are committing, rendering the exclusion ineffective. An ideal membership toll would impose a high cost on individuals who are not valuable inputs into group social deviance and impose a low cost on individuals who are.

B. Hazing as a Solution

This ideal membership toll is hazing. Popular hazing activities include forced binge drinking, forced sexual acts, verbal abuse, violence, sleep deprivation, and forced consumption of gross or even non-food substances (Banks and Archibald 2020), (Finkel 2002), (Allan et. al. 2018). Hazing is advantageous because the cost it imposes on social deviants is relatively low. A student already accustomed to alcohol use will have a much easier time undergoing forced binge drinking than one who is not. Furthermore, individuals willing to engage in loose sexual behavior or sexual assault will find it less costly to perform forced sexual acts than those unwilling to engage in such activity. Those willing to ingest illicit drugs from unknown sources will also be more willing to ingest undesirable substances⁸. Those willing to engage in violence will be more willing to undergo beatings. Ultimately, fraternities can alter the nature of hazing to select members with whatever characteristics they desire.

Hazing as an exclusion mechanism minimizes monitoring costs and overcomes the lemons problem. Incumbents no longer must inspect individuals' traits, as the hazing process selects them. In addition to selecting deviant members, hazing overcomes the lemons problem by sorting for a myriad of favorable attributes. Some examples are a willingness to serve a group's interests above one's own, a willingness to keep secrets, a willingness to obey orders from group leaders, determination, and social confidence. For example, individuals confident in their high

⁸ Dog food is one example (Parks et. al. 2015).

social capital will better weather verbal ridicule than those less confident. Perhaps most important is the selection of members willing to sacrifice their individuality for organizational goals. Due to hazing's degrading nature, the practice is uniquely suited to select individuals willing to suffer for a higher end. This trait is vital to overcoming the free-rider problem, as such individuals are unlikely to shirk.

Finally, hazing minimizes opportunistic behavior by selecting members willing to use violence to enforce fraternity rules. Although local chapter governance structures are somewhat obscure, fraternities often elect a "sergeant at arms", an enforcer who uses violence to uphold the group constitution (Anonymous fraternity correspondent 2022). Furthermore, empirics reveal that Greek members are significantly more violent than their non-Greek peers. A 2012 survey of college binge drinkers found that 31% of binge drinkers in a fraternity engaged in a recent alcohol-related physical fight, compared to a mere 8% of non-fraternity members (Ragsdale et. al.). Potential "squealers" are less likely to notify authorities if they suspect the members will retaliate with violence. Indeed, numerous cases exist of this very scenario occurring.

C. Career Network

The second unique club good fraternities produce is a career network. Empirical studies reveal that former Greek members enjoy a sizeable wage premium over non-Greeks, despite a negative correlation between membership and GPA (Evan and Smith 2018), (Routon and Walker 2016). Although scholars debate whether the premium results from correlative attributes, learned skills, or network effects (more analysis in section two), research has established that a strong alumni network exists. Studies find that in addition to a wage premium, Greeks are more likely to secure a job after graduation. More importantly, the fraternity members themselves attribute their success to alumni networking and the help of their fraternity brothers (Marmaros and

Sacerdote 2002). The disparity is especially striking in some fields. For instance, 76% of U.S. Senators, all but two U.S. presidents, and 80% of Fortune 500 executives have been former fraternity members (Banks and Archibald 2020). For reference, Greek members comprise less than 2% of the U.S. population.

Social networks boost career prospects partially due to shared information among members. During the American gold rush, Free Masons on average saw much greater success mining gold than other miners (Burt 2003). This success stemmed from member sharing about where to find gold, sharing best mining practices, and joint ventures among members with varying specialized skill sets. Fraternities are similar as they also include members from diverse backgrounds and skill sets. Members can pool both their knowledge and their business connections to assist each other to procure jobs. Indeed, striking similarities exist between fraternities and Masonic lodges, such as secrecy, central governance with branch chapters, and the use of strange symbols to represent the organization.

In addition to shared knowledge, social networks boost career prospects by signaling labor quality to employers. Montgomery demonstrates in his classic paper that firms use social networks to overcome information asymmetry in the hiring process (1991). Since productive individuals tend to know other productive individuals, firms will offer acquaintances of their top employees higher wages to entice them away from other employers who may possess similar information. Some argue that Montgomery's analysis explains the Greek wage premium (Hensvik and Skans 2016). Ideally, all members of a network have a relationship with each other to ensure all members are high quality. Larger networks, however, are more valuable than small ones due to greater shared knowledge and increased employment opportunities. As networks grow, however, maintain a relationship with all members becomes impossible, which dilutes the

quality signal. All networks, therefore, face a tradeoff between opportunities and quality assurance.

One method to overcome lacking relationships is to rely on a network brand name. For instance, an employer is more likely to hire an applicant because they go to the same church, knowing the individual is likely of higher moral character than average applicants. Although the employer has not met the applicant, he relies on the church brand name to assess the candidate's quality. Because of the large (and intergenerational) nature of fraternity networks, employers cannot rely on relationships to make hiring decisions. Therefore, they use the fraternity brand to assess applicants. To maintain the brand, fraternity members must carefully select whom they allow to join. For the brand to be effective, individuals with superior labor qualities must populate the group.

Like producing group deviance, however, selecting such members incurs several costs. The first cost is information asymmetry. Since initiates have greater knowledge of their own skills than incumbents, they can overrepresent their abilities to gain access to the network. Furthermore, the attributes for which incumbents select are harder to measure than quantitative characteristics such as GPA. Fraternity career networks are valuable because they include members who are committed to groups over individuality, who get along well with others, and who are willing to bend rules to achieve outcomes, etc. Measuring these characteristics through observation alone is costly. Masonic lodges overcome this barrier by restricting membership to the friends of incumbent members. This solution, however, is inefficient for fraternities. First, the average age of a new Free Mason is approximately thirty. By that age, individuals have already demonstrated their labor capital through several years of employment. College freshman, however, have demonstrated little of their employment capital, and since students travel great

distances to attend college, they are unlikely to have prior relationships with the incumbent members.

As with group social deviance, this information asymmetry creates a lemons problem. Since the benefit of joining a network is higher when the average member's characteristics are more valuable than one's own, fraternities will disproportionately attract low-quality members. Indeed, for members possessing superior attributes, association with a lower-quality brand may *decrease* their value in the employment market. Therefore, high-quality individuals will avoid the network and low-quality individuals will take advantage of the signal until the network is useless. Quality in this scenario exists along several margins. Qualities include a willingness to obey degrading orders, an ability to get along with others, a commitment to an organization over oneself, superior soft skills, and a willingness to perform secret illicit actions to achieve outcomes.

The final cost of network production is potential free riding. After joining the network, members may shirk their responsibility to share information, improve their own employment capital, and search for new employment opportunities. Members may find it profitable to rely on the signal generated by others' work. The larger the organization, the greater the opportunity to free ride. For a large organization like a fraternity, free-riding potential is significant, making the selection of committed individuals crucial.

As with group deviance, the solution to these costs is hazing. Because hazing imposes disproportionate costs on initiates with inferior attributes, it screens for individuals possessing desirable employment characteristics. Some popular hazing practices are forced calisthenics, acting as a personal servant to other members, and forced association with some people and not others (Allan and Madden 2008). These practices impose higher costs on individuals lacking certain desirable qualities. For example, acting as a personal servant to others is less tolerable for

those unwilling to follow orders in an employment capacity. Forced association with some people and not others imposes high costs on those unwilling to be loyal to an organization over personal relationships. For example, this hazing practice excludes individuals who will be unwilling to sacrifice family time to work more hours in an employment capacity. Furthermore, loyalty to an organization is an important characteristic in fields such as politics (more analysis in section two). Finally, degrading individuals through the hazing process selects members unlikely to free ride, as they demonstrate their commitment to the organization over individual dignity.

III. Empirical Evidence

The critical implication for my theory is that hazing practices will vary among fraternities depending on the mix of club goods they produce. Because fraternities are multiproduct clubs, a key decision for each group is determining the optimal quantity to produce of group social deviance and a career network. Fraternities can choose to produce equal quantities of both goods, emphasize one over the other, or produce neither and remain a mere social club. Incumbent members can make this choice either to better attract members or based on their own preferences. If hazing functions to select members who are valuable inputs in production, fraternities will alter their hazing practices to attract certain kinds of members over others depending on their production decisions.

For example, fraternities emphasizing a career network should include more personal servitude, forced association, and pointless orders (such as calisthenics) in hazing, while deviance fraternities should include more alcoholism, violence, and sexual acts than average fraternities. Fraternities producing neither good should include little to no serious hazing. Empirically testing these correlations is difficult. Although aggregate data exists on the most

popular hazing activities, individual fraternities jealously guard the secrets of their pledge process. Furthermore, many hazing studies treat all hazing as equal whether it occurs in fraternities or not. This failure to disaggregate distorts the data even further. Proper estimation of the correlation between hazing activities and goods produced requires an additional project that is beyond this paper's scope. Instead, I have drawn four separate implications to test the validity of my theory. Some implications attempt to estimate this predicted correlation. The implications are as follows:

1. Hazing should be a single, initial cost upon joining a fraternity. If hazing occurs after induction, it cannot be a membership toll but is either serving a different function or is merely individuals exerting their preferences to humiliate others. Therefore, my theory requires that hazing cease after initiation is complete.
2. Stylized differences between fraternity and sorority hazing should exist, dependent on the differences in club goods they produce. If hazing aids club good production, it should occur with greater frequency in groups that more extensively produce career networks and group deviance. Furthermore, hazing should differ in type relative to which club good the group emphasizes. Differences between fraternities and sororities serve as a basis for this comparison.
3. Greek labor outcomes should be especially superior in industries where a signal is more powerful, relative to non-Greek members. Some industries rely more heavily on observable characteristics such as GPA (ex. engineering), while others rely heavily on unobservable characteristics (ex. business). The signal of fraternity membership, therefore, should facilitate higher wage premiums and increased success in certain predictable industries.

4. The prevalence of certain hazing activities should correlate with the prevalence of related illicit activities in fraternities. Since hazing sorts for individuals willing to perform certain behaviors, hazing activities sorting for more popular behaviors should also be more popular. If alcoholism is a more popular deviant activity than violence, for instance, alcohol-related hazing will be more popular than violent hazing.

The first and simplest implication is that hazing should be a single, initial cost to initiates. This implication is important because if hazing occurs after initiation, it cannot be the coarse exclusion mechanism I argue it is. Hazing would therefore serve an alternative function than sorting for members before they join. In that scenario, hazing could merely be deviant men indulging their preferences to humiliate others, rather than a rational congestion price to limit membership. One does not have to search far to discover that this prediction is indeed true. Hazing takes place exclusively during “rush week” (not always just one week), where initiates “pledge” to become part of a group. Fraternity members observe how initiates respond to the hazing, then vote on which members to accept (Ragsdale et al. 2012). Ultimately, I encountered no examples in the literature of hazing taking place after initiation.

My theory’s second implication is that fraternity hazing will feature stylized differences from sorority hazing due to different club goods produced. Like fraternities, sororities produce career networks, and research demonstrates they possess an advantage over non-members when searching for a job due to network effects. Sorority members are more likely to find employment after graduation than non-members (Marmaros and Sacerdote 2002.). Oddly, although sorority members are 4-7% more likely to be employed than non-members, those members do not enjoy a wage premium like fraternity members do (Routon and Walker 2016).

Furthermore, although sororities engage in more illicit activity than non-members, the level of deviance falls short of that practiced by fraternity members. Despite comparable overall alcohol use among sorority members relative to fraternities, fraternity members are more likely to be binge drinkers and consume alcohol in copious amounts. Fraternity members are also significantly more likely to sexually victimize someone and are thirty-one times more likely to engage in physical fights than sorority members (Ragsdale et al. 2012).

This disparity in activities suggests several differences in hazing activities between the two kinds of groups. First, hazing should occur less overall in sororities, as they produce lower quantities of both club goods. Second, violence and sexual acts should be proportionately more prevalent in fraternity hazing. Third, sororities should practice hazing targeted towards career network development and less toward the development of group social deviance. To test these implications, I utilize the National Study of Student Hazing, conducted in 2008, which is the most comprehensive study of hazing activities to date (Allan and Madden 2008). Although the study surveys all students, not just Greek organizations, it remains fairly accurate for this paper's purposes, as fraternity and sorority members comprise by far the largest subsection of respondents (19.9% of total respondents). The next four largest subsections— members of an academic club (8.3%), faith-based organization (8.2%), service organization (8.1%), and club sport (7.9%)— are all groups which practice little to no hazing.

First, the study validates the implication's first part, as 36% of males reported experiencing hazing, compared to 22% of females. The most common hazing activity for both groups is forced participation in a drinking game, with 31% of males and 23% of female reporting the activity. Regarding the implication's second part, 10% of males report being forced to perform sex acts with the opposite gender, whereas this form of hazing is not listed as a top result for females.

Although violence is not a top result for either males or females, the study reports the forcing of initiates to endure cold weather as an activity for males and not for females. Medical reports also indicate that sorority members rarely use violence, and males do in fact use it in hazing (Finkel 2002). Furthermore, a study of 354 violent hazing court cases found that 89% of cases were brought against fraternities, with the remaining 11% brought against sororities (Parks et. al. 2015).

Regarding my implication's third part, sororities do indeed utilize hazing practices targeting formation of a career network. 10% of respondents report being forced to associate with some people and not others, making it the third-most common hazing activity (behind drinking and singing in public). Furthermore, acting as a personal servant to members is a top activity, with 5.5% of respondents reporting it. Both statistics are comparable to figures for males. One intriguing difference is that alumni are more often present at male hazing events than female hazing events. Alumni presence may strengthen the signal quality and partially explain the disparity in labor outcomes for fraternity and sorority members. Ultimately, although more precise data is necessary, it appears sorority and fraternity hazing practices differ in predictable ways.

My theory's third implication is that fraternity membership functions as a signal to employers, meaning members will experience greater career success in certain industries than in others. The engineering industry, for instance, relies very little on such signals, as the ability to perform complex work is most important. One piece of compelling evidence for this effect is the field of politics, as the political industry relies substantially on intangible qualities⁹. For example,

⁹ Ideally, this paper would demonstrate *decreased* performance in certain fields relative to the importance of signals. Current empirical studies, however, do not disaggregate outcomes by industry, making such a comparison outside this paper's scope.

researchers have noted that one vital attribute of politicians is loyalty, as politicians must be loyal to their political party to build a cohesive party brand (Needham 2006). When members of a party publicly disagree, it is difficult to garner support from voters. Often, politicians must discard personal convictions for the party's benefit. Since fraternity membership signals commitment to an organization above oneself, Greek members should possess an advantage over non-members in the political sphere.

A further key attribute of politicians, at least anecdotally, is a willingness to engage in illicit activity to achieve outcomes. Again, fraternity membership sends a strong signal about this attribute. Since hazing screens for members willing to commit secret illicit activity, Greek members are on average more willing and adept at such behavior. They are also less likely to expose illicit activity to the public. This factor gives Greek members a further advantage when climbing the political ladder.

In this scenario, fraternity membership does not signal primarily to the voters, but rather to the party national committees, to those providing funding, and to other politicians. The signal, therefore, brings one increased political endorsements and funding, which is a sizeable edge in a political race. Furthermore, for positions such as U.S. president, party national committees can often handpick candidates and give them increased support. For supreme court justices, the signal is especially advantageous. Since politicians alone elect justices, the signal will be stronger than for congressmen and presidents. Furthermore, since justices serve for life, ensuring a candidate's loyalty is more vital than for a politician who may not win reelection if they deviate from the party.

To test this implication, I compared the historical percentage of U.S. politicians who were fraternity members with the percentage of the overall population. The results are striking.

Despite comprising a mere 2% of the population, fraternity members account for 76% of U.S. senators, 85% of supreme court justices, and all but two U.S. presidents (Banks and Archibald 2020), (DeSantis 2007). This discrepancy supports my theory. Greek members find much greater political success than non-members, and the effect is greatest among supreme court justices. Since loyalty is most important and the signal strongest among justices, fraternity members should be especially overrepresented.

Although this paper holds that network effects are a major cause of Greek labor market success, two alternative perspectives exist. Some scholars argue that fraternity membership merely correlates with skills that are valuable in the labor force, such as charisma (Even and Smith 2018). Others hold that Greek membership itself increases human capital in areas such as leadership ability. Undoubtedly, one can attribute a portion of the wage premium to these factors, but evidence is strong that network effects also play a role. First, the wage premium for all fraternity members is 17%, but the premium for self-employed members is a mere 9% (Routon and Walker 2016). Soft skills are likely even more important for self-employed individuals than for employees, as they must work with and attract clients and personally handle business connections. The premium discrepancy suggests that Greek membership signals certain unobservable characteristics to employers, which allows them to command a higher wage.

Second, the wage premium that members enjoy is present immediately upon their first hire and remains fairly constant over their career (Routon and Walker 2016). It is not, therefore, the superior qualities of the members that exert themselves over time and allow them to climb the corporate ladder. Instead, employers are willing to compensate them more right after graduation, implying that they have inside knowledge of their skills due to network effects. Third, sorority members do not enjoy as great a wage premium as fraternity members, which correlates with the

disparities in hazing activity between the two groups. Superior soft skills should correlate with sorority membership as well as fraternity membership, but sorority members do not out-earn their non-Greek female counterparts, which suggests that correlative effects are not the whole story. Fourth, fraternity members themselves attribute their career success in large part to alumni connections and the support system the organization provides (Marmaros and Sacerdote 2002). Clearly, the members themselves believe network effects are present.

The fourth implication states that the prevalence of hazing activities should correlate with prevalence of deviant behaviors in fraternities. For example, alcohol use should be one of the most common forms of hazing, as it is one of the most common forms of deviant behavior in fraternities. The evidence here is twofold. First, studies have established that Greek alcohol use is growing over time (Weschler et al. 2002). This trend corresponds to a sharp increase in alcohol-related hazing deaths beginning around 1970 (Banks and Archibald 2020). Today, at least one fraternity death occurs each year, with alcohol poisoning comprising most cases (Ragsdale et al. 2012).

Second, alcohol use is the most common illicit activity reported in fraternities. One survey of over 3400 fraternity members found that nearly 100% consumed alcohol, and 90% were binge drinkers (Caudill et. al. 2006). This data aligns with the data from the National Study of Student Hazing, which found forced alcohol use to be the most common hazing activity fraternities perform (2008). On the other hand, illicit drug use is more common in fraternities than among peers, but it is still significantly less popular than alcohol consumption (McCabe et al. 2005). Previously, I argued that the forced ingestion of peculiar substances sorts for members willing to

engage in drug use. Predictably, forced ingestion is a relatively rarer form of hazing¹⁰ (Allan et al. 2018).

A potential criticism of this implication is that fraternity members who engage in more alcohol use are also more likely to use alcohol in hazing. This critique, however, ignores the role of consumer preferences and inter-fraternity competition in restricting the types of hazing Greek members may use. If individuals are intolerant to such behavior, they will not complete the hazing process and will either join another group or remain independent. Incumbent members cannot impose any form of hazing they wish and still attract members. Therefore, the use of alcohol to sort for individuals with matching preferences is a superior explanation.

IV. Parting Words

In this paper, I demonstrate that fraternity hazing is not irrational behavior, since groups use it as a membership toll to limit club size and sort for desirable members. Fraternities are multiproduct clubs that produce the club goods of career networks and group deviant behavior. Because the value of both goods depends on the club members' characteristics, incumbents must select members who are valuable inputs into the production of these goods. Hazing selects desirable traits by imposing higher costs on individuals who are not valuable to the organization's goals. Ultimately, I use this framework to draw several implications, which I then empirically test and find to be valid. I demonstrate that hazing is a necessary feature for the existence of fraternities and add to club theory by demonstrating that groups can alter the nature

¹⁰ One might wonder why pledge masters use an alternative substance as a substitute for drugs, yet with alcohol they use the substance itself. The difference is that alcohol consumed in excess inflicts discomfort (hangovers, vomiting, etc.), but drug use does not produce the same effect. Excess consumption of marijuana, for instance, does not usually cause discomfort; and one must consume harder drugs such as heroin in a specific amount to avoid an overdose. Incumbents, therefore, use undesirable substances to sort for drug users while also sorting for committed members.

of an exclusion mechanism when producing goods with nonanonymous crowding to exclude undesirable members.

Although this paper provides a general theory of fraternity hazing, much work remains. More sophisticated empirical studies must occur to support the implications of my theory. For example, further projects must either identify a proxy for the hazing behavior of individual fraternities or interview fraternity members under the condition of anonymity. Comparing this information to the specific club goods the respective fraternities produce should yield correlative results. Furthermore, disaggregating Greek labor outcomes by industry will enable more rigorous testing of the use of hazing as a labor signal. Fraternity members should enjoy greater success in signal-reliant industries and diminished success in quantifiable-skill industries. I expect empirical results to validate my theory. Although society will continue its fight to end hazing, as long as fraternities exist, hazing will exist also.

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