Synthetical consciousness degenerate in the first degree, corresponding to accidental Thirdness, is where there is an external compulsion upon us to think things together. Association by contiguity is an instance of this...

The meanings of words ordinarily depend upon our tendencies to weld together qualities and our aptitudes to see resemblances, or, to use the received phrase, upon associations by similarity; while experience is bound together, and only recognisable, by forces acting upon us, or, to use an even worse chosen technical term, by means of associations by contiguity.

As experience clusters certain ideas into sets, so does the mind too, by its occult nature, cluster certain ideas into sets. These sets have various forms of connection. The simplest are sets of things all on one footing and agreeing in each belonging to the set. Such a set is a class. The clustering of ideas into classes is the simplest form which the association of ideas by the occult nature of ideas, or of the mind, can take. Now, just as in association by contiguity an idea calls up the idea of the set in which experience has placed it, and thence one of the other ideas of that set, so in association by resemblance an idea calls up the idea of the set in which the mind’s occult virtue places it, and that conception perhaps gives, owing to some other circumstance, another of the particular ideas of the same set.

Psychologists recognize that the suggestion of one idea by another may take place according to either one of two different principles; for an idea may suggest another like it, or it may suggest another which has been connected with it in experience. Thus, the thought of Niagara may suggest a hero or anything else that is grand, and so similar to the cataract, or it may suggest a crowd of importunate hackdrivers, which is connected with the place in every visitor’s experience.

Association of the latter kind, association by contiguity as it is called, is the more typical. In it the characteristics of mental association are more strongly marked. Association by similarity is related to association by contiguity somewhat as our inward consciousness is related to outward experience; the
one association is due to a connection in outward experience, the other to a connection in our feelings.

1897 [c.] | Recreations in Reasoning | CP 4.157

Associations of our thoughts based on the habits of acts of reaction are called associations by contiguity, an expression with which I will not quarrel, since nothing can be contiguous but acts of reaction. For to be contiguous means to be near in space at one time; and nothing can crowd a place for itself but an act of reaction.

1898 | Cambridge Lectures on Reasoning and the Logic of Things: Habit | RLT 235; CP 7.499

...the association, instead of being a natural disposition of mind, may be an acquired habit of mind. That supposes that similar ideas have been conjoined in experience until they have become associated. That is termed association by contiguity.

nd | Fragment on Consciousness and Reasoning [R] | CP 7.554

Consciousness is rather like a bottomless lake in which ideas are suspended, at different depths. Percepts alone are uncovered by the medium. The meaning of this metaphor is that those which [are] deeper are discernible only by a greater effort, and controlled only by much greater effort. These ideas suspended in the medium of consciousness, or rather themselves parts of the fluid, are attracted to one another by associational habits and dispositions, - the former in association by contiguity, the latter in association by resemblance.