

Index

- Absentee landowners, 50, 62
Akerberg, Daniel, 118
Adjustment clauses, 63–64
Agricultural ladder, 62
Alchian, Armen A., 5, 6, 35
Allen, Douglas W., 10, 11, 26, 28, 33
Alston, Lee, 202
Ancient agriculture, 181. *See* History of farming
Annual versus multiyear contracts, 43–45
Arruñada, Benito, 49
Asset attributes, 142, 145
Asset complexity, 5, 6
Asset control, empirical analysis of, 151–166
 buildings, 159–161
 equipment, 156–158
 land/crops, 151–155
Asset control, modeling of, 141–150
 comparative statics, 149–150
 contracting, 146–149
 ownership, 144–146

Baker, George, 199
Bargaining, 5
Barry, Peter J., 21, 22, 60
Barzel, Yoram, 1, 4, 5, 223n4
Baylis, Katherine R., 13
Becker, Gary S., 170, 197
Bhattacharyya, Sugato, 101
Bigelow, Poultney, 186
Binswanger, Hans P., 232n20, 237n2
Bonanza farms, 46, 185–186. *See* History of farming
Botticini, Maristella, 118
Braverman, Avishay, 69, 78
Brewster, John M., 202
Broiler farms, 191
Buildings. *See* Asset control, empirical analysis of
Burke, Mary A., 88, 89, 90

Canadian Wheat Board, 13
Canjels, Eugene 55, 58
Capital constraints, 62, 160. *see* Contract choice, empirical analysis of
Carmona, Juan, 67
Cash rent contracts, 51
 cash/share combinations (*see* Contract choice, empirical analysis of; Contract choice, modeling of)
Cass-Cheney Farm, 185
Certainty equivalent, 124
Cheung, Steven N. S., 3, 5, 9, 49, 95, 96, 223n2
Chiappori, Pierre Andre, 49
Chuma, Hiroyuki, 9
Coase, Ronald H., 3, 5, 199, 200
Coase Theorem, 3–4, 49, 143, 200

Coefficient of variation. *See* Crop yield variance
Coefficient of absolute risk aversion, 97. *See* Risk aversion
Combines. *See* Harvesting; History of farming
Commitment, 122
Common law, 37–38
Complex assets, 5, 6
Contract choice, empirical analysis of, 55–67, 84–88, 102–114
 additional variables, 62
 adjustment clauses, 63
 with capital constraints, 62, 160
 cash rent vs. cropshare, 58
 cropshare rules, 87
 input sharing choices, 84
 role of custom, 88–92
 role of risk, 104–109
Contract choice, modeling of, 49–55, 70–75, 96–99
 cash rent, 51
 cropshare, 52
 comparative statics, 53
 in historical Europe, 64–67
 two-stage model, 50
Contract complexity, empirical analysis of, 38–45
 length, 43 (*see* Timeliness costs)
 oral/written, 40
Contracts, custom, 140
 simple, 140
 types, 21–23
Contracts for farmland, 21–23, 33
 costs, 34 (*see* Timeliness costs)
 enforcement, 35
 in historical Europe, 64–67
Contracts, with ratchet effects. *See* Ratchet effects
Corporate farms, 175
Cost sharing, 69, 71. *See* Cropshare contracts, modeling of; Input and output sharing, modeling of
Coulter, John Lee, 186
Cow-calf operations, 190
Crawford, Robert G., 35
Cronan, William, 181
Crop choice endogeneity, 28
Crops, 169, 183
Cropshare contracts, empirical analysis of, 55–64, 87–88
 rules for input shares, 76–79
Cropshare contracts, modeling of, 1, 2, 21, 69–75
 comparative statics, 74
 input-output cropsharing contracts, 74
 input sharing, 71, 72
 measurement costs, 70–71
 optimal shares, 52
 production and input use, 69
 pure cropsharing contracts, 74

- Cropshare contracts, modeling of (*continued*)
 social customs and incentives, 88–92
 Crop yield variance, 100–102
 Custom combining, 161–166, 187. *See* History of farming
 Custom contracts, 140
 Customs, 88–92
- Dalrymple, Oliver, 185, 186
 Danhoff, Clarence H., 184
 DARA. *See* Decreasing absolute risk aversion
 Decreasing absolute risk aversion (DARA), 87–109
 Deficiency payments, 12. *See* Government programs
 Deininger, Klaus, 15
 Demsetz, Harold, 4, 5
 Description of farming, 17–26, 33–34, 49–51, 91, 139–141, 167–168
 DiA Thorland, Charles, 181
 Discrete shares, 88–91
 Drache, Hiram, 228n23, 239n26
 Dubois, Pierre, 15, 49, 58
 DuBow, Shane, 161
- Economic development, 15
 Economic history, 15
 Ellickson, John C., 202
 Ellickson, Robert C., 181, 199, 227n19
 Ellinger, Paul L., 21, 22
 Enforcement/monitoring, 35. *See* Cropshare contracts, modeling of; Moral hazard
 Engermann, Stanley L., 183
 Envelope Theorem, 54, 74, 178
 Eswaran, Mukesh, 21, 223n2, 224n21
 Exogenous versus endogenous variability, 100–102. *See* Risk sharing
 Expected utility, 97. *See* Risk aversion
- Family contracting, 63
 Family farm, 23–25, 171–172, 182, 185
 Farm bill, 12
 Farm contracting, 19–23
 Farm sizes, 17
 Farmland contracts, simplicity of, 35–38
 Farm organization, empirical analysis of, 23–26, 180–195
 bonanza farms, 185–186
 capital, 194
 case studies, 181
 harvesting technology, 186–188
 livestock production, 190–192
 sugarcane in Louisiana, 188–190
 Farm organization, modeling of, 168–180
 comparative statics, 177–180
 corporate farms, 175
 family farms, 171–172
 partnership, 172–175
 Feder, Gershon, 15
 Feedlot. *See* Livestock production
 Fifty-fifty contracts, 23. *See* Cropshare contracts, empirical analysis of; Cropshare contracts, modeling of
 First-best, 8, 51, 70
 Flinchbaugh, Barry L., 181
 Focallness/focal share. *See* Customs
 Fogel, Robert, 15, 183
 Frank, Stuart D., 15
 Freixas, Xavier, 122
 Furtan, W. Hartley, 13
 Futures markets, 111
 risk-related (*see* Risk neutrality)
- Galassi, Francesco, 67
 Galloway, J. H., 189
 Garen, John E., 95, 232n19
 Garicano, Luis, 49
 Gavett, Earle E., 161
 Gaynor, Martin, 95, 232n18, 238n12
 Gertler, Paul J., 95, 232n18, 238n12
 Gibbons, Robert, 49
 Gibbs, Michael, 199
 Goldberg, Victor P., 118
 Good husbandry, 37 (*see* Common law)
 Government programs, 12–14, 67–68
 Gray, L. C., 21, 58, 62, 182
 Gristmills, 184
 Guesnerie, Roger, 122
 Gupta, U., 147
- Hallagan, William, 223n2, 228n3
 Hamilton, Neil D., 227n12, 228n8
 Hansmann, Henry, 199
 Hart, Oliver, 5, 199, 223–224n20, 226n6, 235n2
 Harvesting, 186–188
 Hayami, Yuruiro, 2, 9, 63, 96, 98, 181, 223n2
 Hayek, Friedrich, 166
 Heady, E. O., 69, 76, 230n7, 237n3
 Heitman, J., 189
 Henderson, Dennis, R., 15
 Hennessy, David A., 15
 Higgs, Robert, 9
 High-powered contract, 124
 History of farming, 17–19. *See* Ancient agriculture; Bonanza farms; Contracts for farmland; Farm organization, empirical analysis of; Slavery; Sugarcane production; Threshing
 Hoffman, Phillip, 66
 Holdup problem, 36
 Holmes, C. L., 167, 202, 224n36

- Holmström, Bengt, 199
 Hueth, Brent, 15
- Incentive compatibility. *See* Farm organization, modeling of; Risk sharing
 Individual contract data, 26–27
 Individual rationality constraint. *See* Farm organization, modeling of; Risk sharing
 Input and output sharing, empirical analysis of, 75–88
 estimation of contract choice, 84
 estimation of contract rules, 87
 Input and output sharing, modeling of, 70–75
 determinants of input shares, 79–80
 input sharing dichotomy, 72
 rules for input shares, 76
 Irrigation, 41, 43, 58, 60
 Isern, Thomas D., 163, 164, 166, 187
- Johnson, Bruce, 28
 Johnson, D. Gale, 21, 224n37
 Joint wealth maximization, 5. *See* Transaction costs, approach
 Joskow, Paul L., 223n19, 224n21
 Just, Richard E., 109
- Kanemoto, Yoshitsugu, 122
 Kay, Ronald, 147
 Kilman, Scott, 190
 Kislev, Yoav, 225n8
 Klein, Peter G., 35, 37, 41
 Knoeber, Charles R., 15, 232n22, 240nn37, 38
 Knutson, Ronald D., 14, 181
 Kohn, Meir, 66
 Kotwal, Ashok, 21, 223nn2, 10
 Kreps, David, 37
- Laffont, Jean-Jacques, 49, 62
 Lafontaine, Francine, 101, 224n22, 228n10
 Lagrone, William F., 161
 Land. *See* Asset control, empirical analysis of
 Last period problem, 41
 Lavoie, Nathalie, 15
 Lazear, Edward, 199
 Lee, W., 147
 Leffler, Keith B., 37, 41, 96, 224n21
 Leland, Hayne, 95, 231n8
 Libecap, Gary D., 202
 Ligon, Ethan, 15
 Livestock production, 190–192
 Lueck, Dean, 10, 11, 26, 28, 33
- MacLeod, W. Bentley, 122
 Market-enforced contracts, 37
- Market versus nonmarket inputs, 80–81
 Marketing contracts, 23
 Martin, Robert, 95, 190, 191, 233n38
 Masten, Scott E., 140, 202
 Matoussi, Mohamed Salah, 49, 62
 McBride, William D., 190
 McElwee v. DeVault, 37
 Measurement costs, 53–54, 70–71. *See* Cropshare contracts, modeling of
 Meehan, James, 140
 Metayers, 65
 Milgrom, Paul, 95, 122, 125, 126, 139, 199
 Mill, John Stewart, 1, 66, 202, 239n24
 Moral hazard, 1, 6, 10, 34, 95, 124, 140, 153, 159, 165
 Mueller, Bernardo, 202
 Murphy, Kevin M., 170, 197
 Murray, W., 147
- Nass, H. G., 147
 Natural selection, 6
 Nelson, A., 147
 Neoclassical economics, 2, 199
 Nerlove, Marc L., 237n2, 238–239n20
 New Deal, 12
 New institutional economics, 5
 Niehans, Jurg, 4
 North, Douglas, 15
- O'Mary, Clayton C., 190
 Opportunity cost, 8, 51, 69
 Optimal share, 52. *See* Cropshare contracts, modeling of
 Oral versus written contracts, 33, 40–43
 Otsuka, Keijiro, 2, 9, 63, 98, 181, 223n2
- Partnership, 167, 172. *See* Farm ownership
 Pasour, E. C., 181
 Pasture. *See* Asset control, empirical analysis of
 Penn, J. B., 14, 181
 Pflueger, Burton W., 156
 Pope, Rulon, 109
 Preference matching, 118–119
 Prendergast, Canice, 118, 199
 Price taking, 8
 Principal-agent model, 2, 9, 95–96
 Production contracts, 23
 Property rights
 approach, 4–5
 defined, 4
 Pryor, Frederic, 183
- Rao, C. H. Hanumatha, 9, 96
 Ratchet effects, 121, 125

- Ratchet effects, empirical analysis of, 127–135
 changes in share contracts, 131–132
 cropshare vs. cash rent, 129–131
 economic significance, 132–135
 Ratchet effects, modeling of, 123–127
 commitment, 124–125
 Raup, Philip M., 181, 183
 Reputation, 37, 45, 163–164
 Residual claimant, 17, 25, 63, 124, 168
 Risk, 2, 9
 Risk aversion, 7, 9, 95–102
 Risk neutrality, 7, 10–12, 50, 70, 114–118
 Risk preference reversal, 117
 Risk sharing, 2, 9, 11, 96, 118
 Risk sharing, empirical analysis of, 102–114. *See*
 Exogenous versus endogenous variability
 choice of cropshare, 107–108
 crop yield variability and contract type, 103–104
 futures markets, 111
 large landowners, 111
 modeling, 97–100
 off-farm income, 113
 risk and contract choice, 104
 Roberts, John, 49, 95, 122, 125, 126, 139
 Role of government. *See* Government programs
 Rozenzweig, Mark R., 232n20, 237n2
 Rucker, Randal R., 96

 Salanié, Bernard, 49
 Sappington, David E. M., 9
 Schmitz, Andrew, 13, 15
 Seasonality, 6, 167, 169, 182–185
 Serfes, Konstantinos, 118
 Sexton, Richard, J., 15
 Shapiro, Leonard, 37
 Share contracts, 1. *See* Cropshare contracts, empirical
 analysis of; Cropshare contracts, modeling of
 Sharecropping, 10. *See* Cropshare contracts, empirical
 analysis of; Cropshare contracts, modeling of
 Slavery, 183. *See* History of farming
 Smith, Adam, 1, 19, 64–66
 Snyder, Edward, 140
 Sodbuster/busting, 184. *See* Family farm; History of
 farming
 Soil exploitation, 51–55, 87–88
 Sotomayer, Narda L., 21, 22
 Specialization, 140, 142–143, 170
 Specific assets, 35, 139
 Spillman, W. J., 62
 Srinivasan, T. N., 225n15
 Stage production function, 169
 Statute of Frauds, 40
 Sterling, J., 147
 Stiglitz, Joseph, 1, 9, 69, 78

 Strickler, Paul E., 161
 Sugarcane production, 188–190. *See* History of
 farming
 Sumner, Daniel A., 181
 Supply management, 13. *See* Government programs

 Target price system, 12. *See* Government programs
 Tasks, 168. *See* Farm organization, empirical analysis
 of; Farm organization, modeling of; Specialization
 Tax incentives, 141. *See* Government programs
 Thompson, G. B., 190
 Threshing crew, 186. *See* Farm organization, empirical
 analysis of; harvesting technology
 Thurman, Walter N., 15
 Timeliness costs, 140, 147, 148–149, 156, 157, 164,
 167, 176, 188
 Tirole, J., 122
 Townsend, Robert M., 9, 95
 Transaction costs
 approach, 3–5, 95, 199–203
 defined, 3–4
 existence conditions, 4–5
 limits, 202–203
 modeling, 7
 versus neoclassical approach, 199
 Tsoodle, Leah J., 21
 Tsoulouhas, Theofanis, 15

 Uncertainty, 1, 6. *See* Risk aversion; Seasonality
 Unpriced versus priced attributes, 51
 U.S. Custom Harvesters Association, 165
 Uvaceck, Edward Jr., 190

 Vazquez, Luis, 49
 Vercammen, James, 15
 Vukina, Tomishav, 15

 Walker, Wilbert H., 161
 Wealth effect, 123, 150–161
 Williams, Charles M., 163
 Williamson, O. E., 5, 35, 37, 202
 Wilson, Christine A., 21

 Young, H. Peyton, 88, 89, 90

 Zero transaction cost, 70