No one can escape the drumbeats for --

- Free markets, privatization, security of ownership, and contract enforcement.

- Is there anything more to say?

Pencavel & Craig: where are institutions in their model?

- Hourly earnings $= f$ (output prices, input prices)
  - Separate equations are estimated for co-ops and stock firms.

- Other dependent variables modeled: employment, annual hours/worker, real earnings, etc. w. same independent variables.

Experimental design:
With and Without
X is the treatment variable -- cooperative structure in this case

- X  Observed hourly earnings (estimated)

- Observed hourly earnings (estimated)

- Phosphate mining (interrupted time series design)
  $O_1 O_2 O_3 X O_4 O_5 O_6$ (The “X” is the change in factor ownership)
  Each observation is an econometric estimate of pollution variable sign & sig.

- Slavery
  a. For slave farms: factor productivity $= f$ (scale, product mix)
  b. For owner-op: factor productivity $= f$ (scale, product mix)

- Plywood Co-ops
  a. For co-ops Hourly earnings $= f$ (output prices, input prices, etc.)
  b. For stock firms Hourly earnings $= f$ (output prices, input prices, etc.)

- Development
  a. Per cap. growth rate $= f$ (degree of trust, education, inequality, size, group membership, civic community)
Choice of Farm Lease Type
HIC to monitor yield, land care

- Structure: Informal
  - 1. Unrelated parties.
  - 2. Related parties.
    - (social capital?)
  - Given situation (HIC), predict the chosen private governance.
- 1. Cash lease chosen
  (landlord avoids any tenant opportunism)
- 2. Share lease chosen

Landlord choice = \( f \) (identity of tenant, socializing, member of same church, risk attitude)

Dichotomous dependant variable, logit model
Significance of identity was .03
Attitude toward risk was .06