

Salstrom α

- time line - decline in ag. productivity
 - small holdings
 - low capital
 - reliance on yields (livestock + traditional plants) from lands "owned" in common.

"commons dilemma" - common property resource - over exploited - decline in quality
 right to exclude absent

Garrett Hardin → "Tragedy of the Commons"

- game theory 2 people - A + B
 2 strategies - Harvest / Regeneration

		B	
		H	R
A	H	5, 5	7, 4
	R	4, 7	6, 6

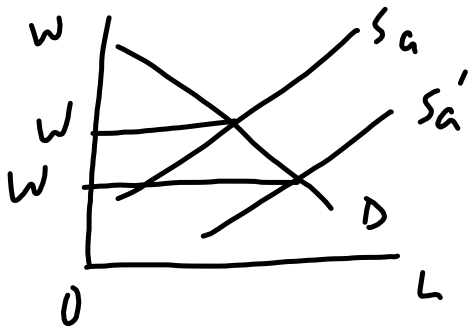
H, H → dominant strategy
 A → Harvest pays
 7 if B chooses R
 $7 > 6$
 5 if B chooses H
 $5 > 4$

Subsistence of returns ↓ (Pudup)

- labor → farming
- alternative - timber
- mining
- migrating

$$\left(\frac{w_f}{w_a}\right) \downarrow$$

$w_a \downarrow$ in real terms



- $w_f < w_a$ in long run.
- safety
 - community
 - stability

- ag output per capita Table 2 p14/15
in Salstrom

1840 crops ↓ Civil War
 livestock

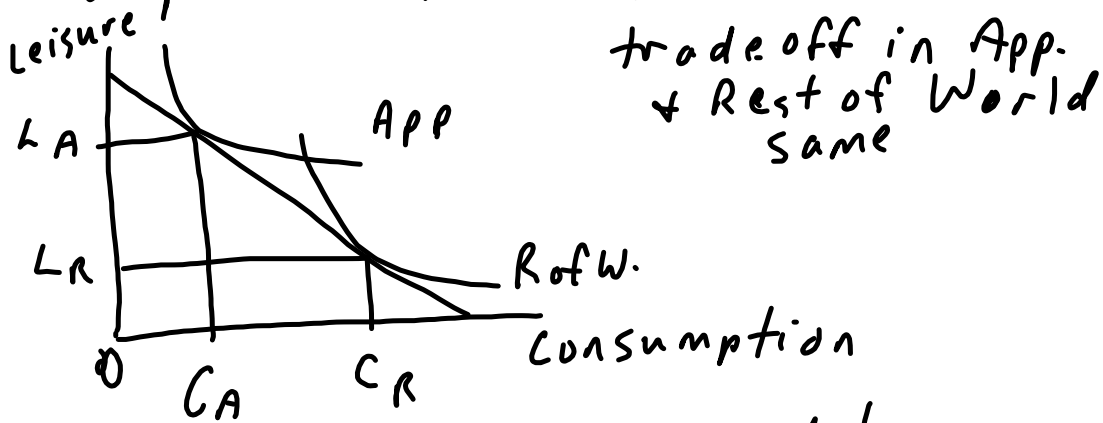
1880
exception → tobacco
midwest vs Appalachia
- Civil War effect

Homestead Act 1862 - growth in
ag pushed to Midwest

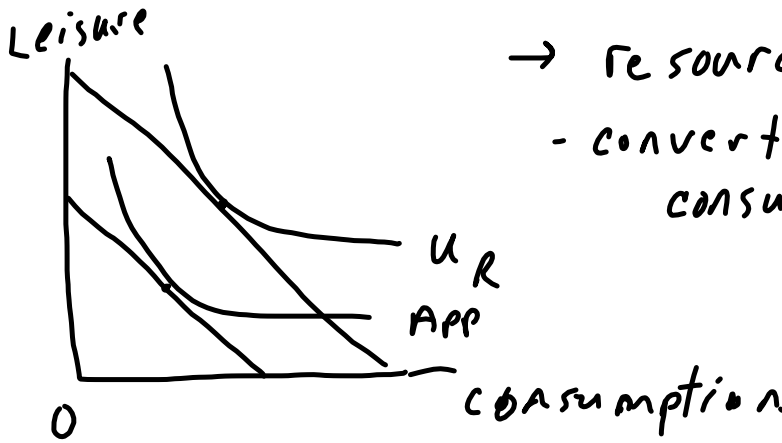
Eller - "frozen in time"

- unique

2 options - tastes / preferences



Hypothesis → rejected data.



→ resource constraint
 - convert Leisure to consumption

- policy
 - war on poverty

Eller → low wages led to sale of land based resources outside of area
 (absentee landownership)

linkages - dependency - if value added from economic activity < cost of activity → continuous inflow of capital to region

- growth (income) but not development (linkages + value added)
 - why not linkages?
ie why not post-extraction processing?
 - economies of scale (concentrate production) cost per unit (average cost) ↓
 - plant 10K widgets - A
 - plant 20K " - B
- $AC_A > AC_B$ - transport costs.