

- path dependency * - Robert Fogel
 - investment - durable
 - cultural/institutional
- mineral leases + timber [- eliminate some possible decisions - mutually exclusion]
- ag - small holdings
 - non-deeded/non-fenced-land.
 - low productivity.

- Eller - transition from ag.

output
↳ reinvest.
↳ surplus
↳ expansion

- low prod. - lack of capital.
internally generated.
substitute outside capital.
- ownership outside region.

↙ flow income → outside

* externalities - cost / benefit

third party

- A sells X to B

↙ * If transaction cost on C
externality

precursor to low wage resource
extraction employ.

- ag decline -

Table 2 1840 - 1880

metrics - livestock ↓ older App.

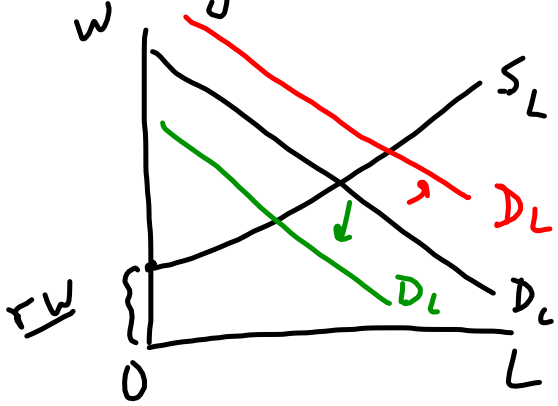
cropping ↓

farm size ↓

Malthus - population ↑

yield/person ↓ - wage equivalent ↓

- wage depend on reservation wage



slope driven by alt. earnings

→ productivity

- D_L - derived demand.

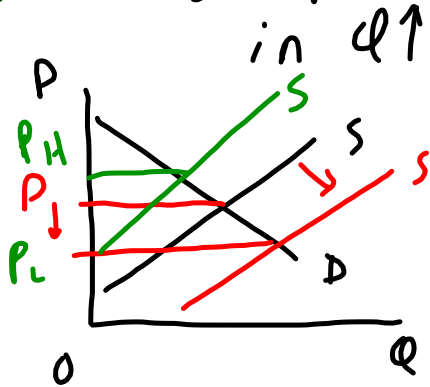
$$D_L = VMP = MPP \cdot P_o$$

value marginal product physical product price output

$MPP \uparrow$ - tech advance

$P_o \downarrow$ -

cobweb - price swings - lag
in $Q \uparrow$

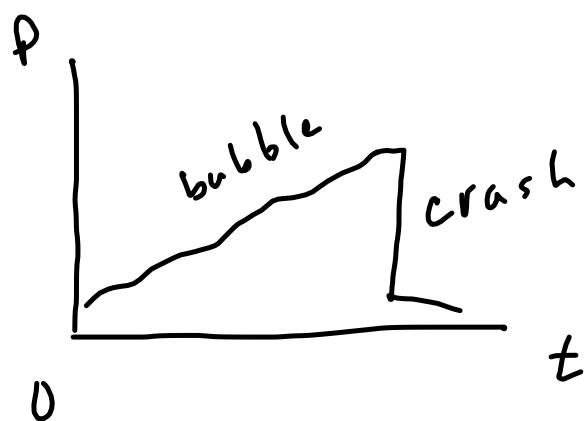


Boomtown
economies
Bust
Housing

Asset bubble / crash

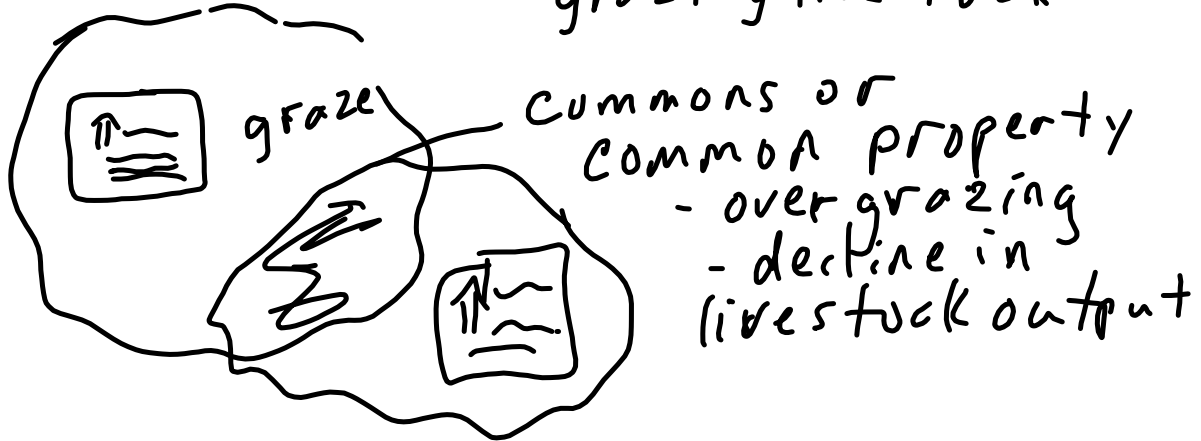
resell

expectations fail - price doesn't
rise as fast
as expected



- leverage
- borrowed
loan near 100%
of value
- "underwater"
loan called

- Appal. - decline in earnings in ag
- low wages in resource sector
augment ag earnings
- exodus from ag. - further
depress wages in resource
- hasten decline - livestock ↓
grazing livestock



- commons dilemma - Garrett Hardin
 - private property - BLM
 - grazing ↓
 - harvesting herbs
- fee - operations
set quotas
- overexploiting