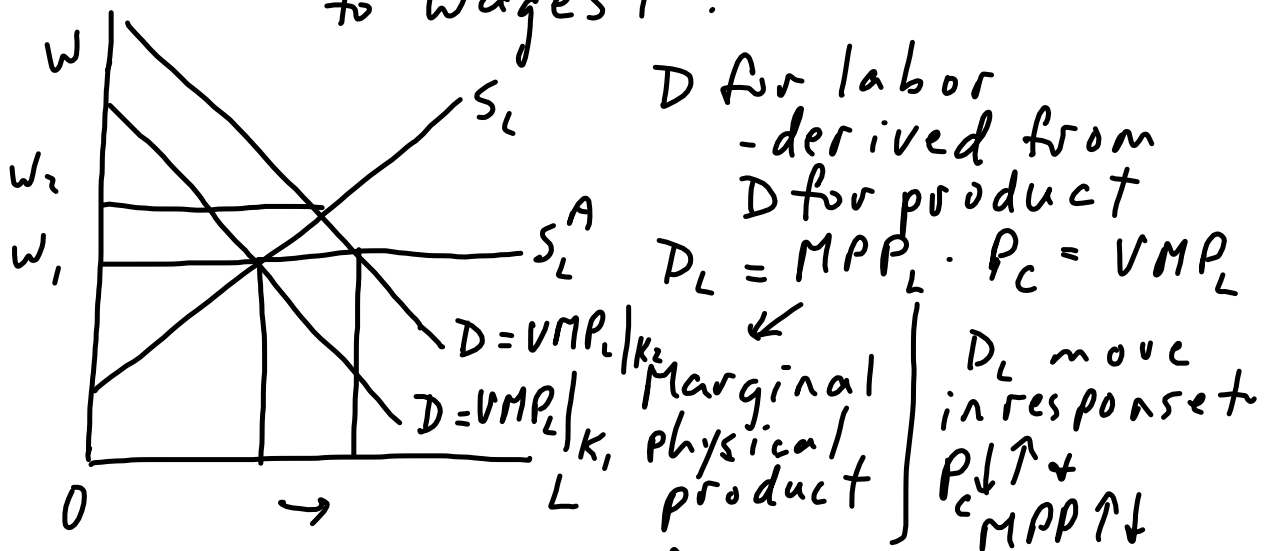


Coal - why didn't capital (technology) improvements translate to wages ↑ ?



If S_L sloping upward $w \uparrow$

In Appalachia - S_L elastic. S_L^A stagnant wages \rightarrow low Demand for other goods

wages → scrip → store credit
→ non-negotiable currency

→ - no incentives for spin off
business - additional retail!

- company store
- banking.

housing
medical
school

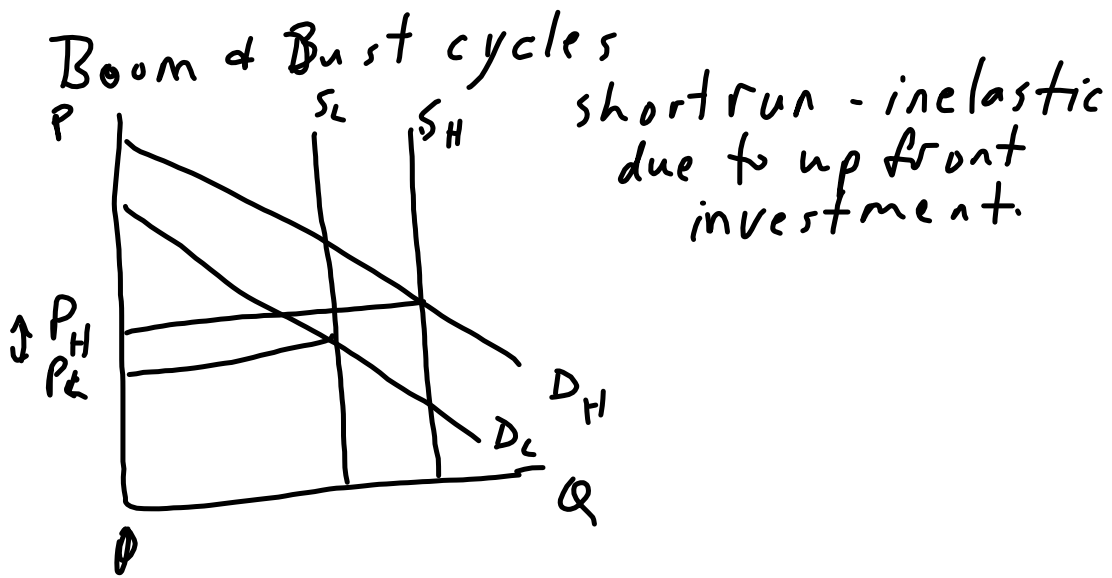
Fishback - early 1900s

- % of earnings in
"advances"
Table 2 -

- Farquar not case of owing to store.
- unions in PA OH
- not in WV, VA & KY

PA 100% > 60% of
pay on payday
57% > 70%

0% of pay [✓] > 50% on
payday



- Dangerous occupation.

"contracts"

- piece rate \$/ton

- own tools

- no pay for prep work (pit props, etc)

- coal dust - black lung
& silica. - silicosis

- explosions

1906-35
16% explosions
71% roof cave
ins
& haulage.

- principal-agent relationship
 - ↳ principal does define method.
 - agent choose method.
 - who should set pit props?
 - miner knows terrain & best position to set correct number of props
 - Least Cost Avoider - Hand Rule
 - Learned Hand → Justice Fed Dist Court
 - US v Carroll Towing
 - $C_A < P_L \cdot L$ negligent
 - $C_A > P_L \cdot L$ not negligent
- } Hand Rule