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『契約選択の経済学』

—農業からの展望—

Yujiro Hayami and Keiji Otsuka, *The Economics of Contract Choice: An Agrarian Perspective*, Clarendon Press, Oxford, 1993 xi+pp. 209.

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Yujiro Hayami and Keiji Otsuka are well known names in the literature on agrarian economic relations. Their effort to jointly write a book surveying the rapidly growing literature covering both theory and experience is therefore a welcome venture.

The theoretical work begins by drawing parallels between and also contrasting agrarian organization and industrial organization. I find this a very useful line to take since the analytical tools which are needed for these areas are very similar though the two literatures have emerged from different motivations and largely ignore each other. A lot of the agrarian organization research has its motivation in empirical work and also in anthropological investigations; whereas modern industrial organization is founded in game theory and principal-agent models; and there

is much to be gained from the cross fertilization. Hayami and Otsuka are right in pointing out that the analysis of agrarian relations can not only benefit from mainstream economic theory, but can also, in turn, contribute to it.

The authors then go on to provide a survey of considerable sweep straddling, on the one hand, anthropological ideas such as Clifford Geertz's notion of clientilization and, on the other, the algebra of modern economic theory such as the principal agent models of Holmstrom and Shavell.

Fortunately, it is not an even-handed survey but an opinionated one. The chapter on interlinked contracts is particularly interesting since the authors try to modify and extend the works of Braverman and Stiglitz. They try to gain insights into certain well-known features of tenurial arrangements in the context of interlinkage. On share tenancy for instance, they reach an interesting conclusion on the much discussed puzzle concerning the widespread prevalence of the 50 : 50 share system. They establish a result whereby there is an indeterminacy in the determination of one of the three variables : the rental share, the interest rate, and the fixed rental payment. This indeterminacy suggests that we have freedom in fixing the share rent at any particular level. Therefore they provide a necessary condition towards a solution of the puzzle though not a sufficient condition. The sufficient condition, they suggest, realistically, must lie in social custom, sustained by social opprobrium and ostracism.

Even more engaging than the theory section are the empirical chapters. Here the authors use the interesting technique of collecting data from a great variety of sources to construct meaningful and fairly complete tables. For instance, the table comparing the productivity of share tenancy, owner farming, and fixed rent tenancy uses as many as thirty-four sources. From these diverse data, propositions of significance emerge. For example, the Marshallian inefficiency of share tenancy is shown to be largely a myth. They also show that landlords whose cost of enforcing worker effort is low choose share tenancy, while the others with high enforcement costs prefer fixed rent tenancy. These sweeping empirical surveys are then followed by two micro-level

studies, the case of upland farming in Indonesia and the market for jeepney rental contracts in the Philippines. These chapters draw on previously published work of the authors. The presence of the chapter on jeepney rental contracts is at first sight intriguing, since it is not on agrarian relations. However, it is soon clear that the varying contracts that a jeepney driver can enter into with the entrepreneur has interesting parallels with the analysis of tenurial arrangements. And via their concept of the 'altruist-community hypothesis' they shed light on the presence and absence of share contracts.

The editorial work often leaves much to be desired, with several typographical errors, particularly significant being the fact that the running head for chapter 8 is a shortened form of the title of chapter 7!

What is disappointing in this otherwise excellent book is the concluding chapter entitled "Towards a general theory of agrarian contracts". This chapter is too sketchy and seems hurriedly assembled in a last ditch effort to pull together the strands covered in the book. It is a chapter which summarizes the major findings of the book instead of trying to extend these or put them together in one general model. Indeed, there are important questions concerning generalization. Can these models of contract choice be put together in a general equilibrium setting? Can they be dynamized? After all, much of monitoring in reality takes place not so much through the skilful crafting of contracts in a single period setting, as through the threat of cessation of interaction in the context of repeated interactions. Thus a landlord could, potentially, monitor the tenant's effort by threatening to not renew the contract the next year. These are complicated matters and it would be foolhardy to expect a general theory incorporating such effects; but this last chapter could have been useful in suggesting steps towards such a theory. The book does provide some of the building blocks towards a general theory with admirable lucidity. But this last chapter fails to rise to the occasion. But, as nowadays with popular films, perhaps this is a good way to raise expectations for a sequel.

[Kaushik Basu]