$$\Rightarrow (1-s)G - (G-R) = R - sG = R - \frac{GR}{pG+(1-p)B}$$ by subst. (*) for s.

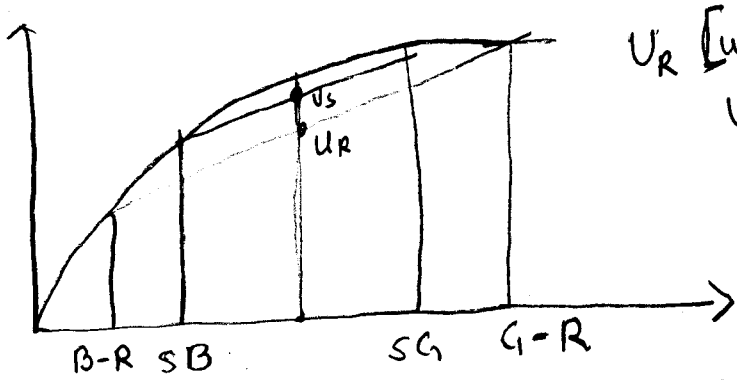
$$= \frac{pGR+(1-p)BR - GR}{pG+(1-p)B} = \frac{pGR+BR-pBR-GR}{pG+(1-p)B}$$

Note $pGR < GR$ (since $p<1$)
$pBR < BR$
$G > B$ (given)

SO $$\frac{pGR+BR-pBR-GR}{pG+(1-p)B} < 0$$

So return to tenant higher in Good state in sharecr. than FR. But since we had set expected return same, this means lower return in Bad state.

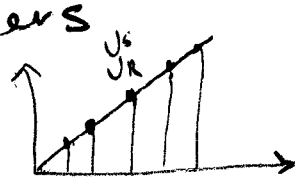
Thus

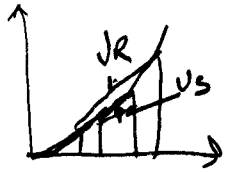


U_R [utility of FR] > U_s [utility from sh]

So sharecrop is gamble with narrower spread which risk-averse tenant prefers

* Risk-neutral tenant is indifferent
* Ris-loving " prefers FR





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