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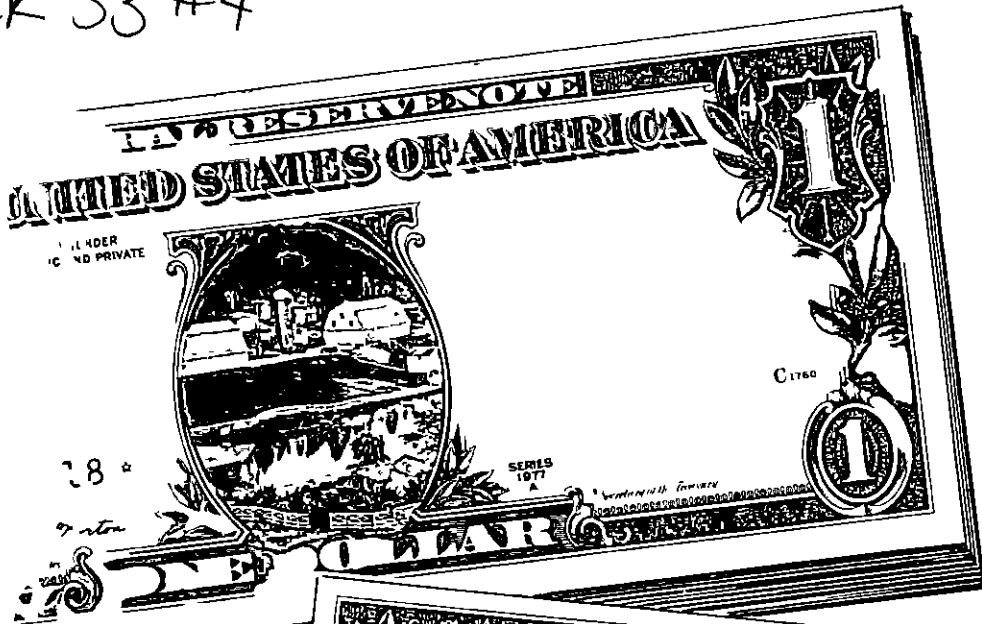
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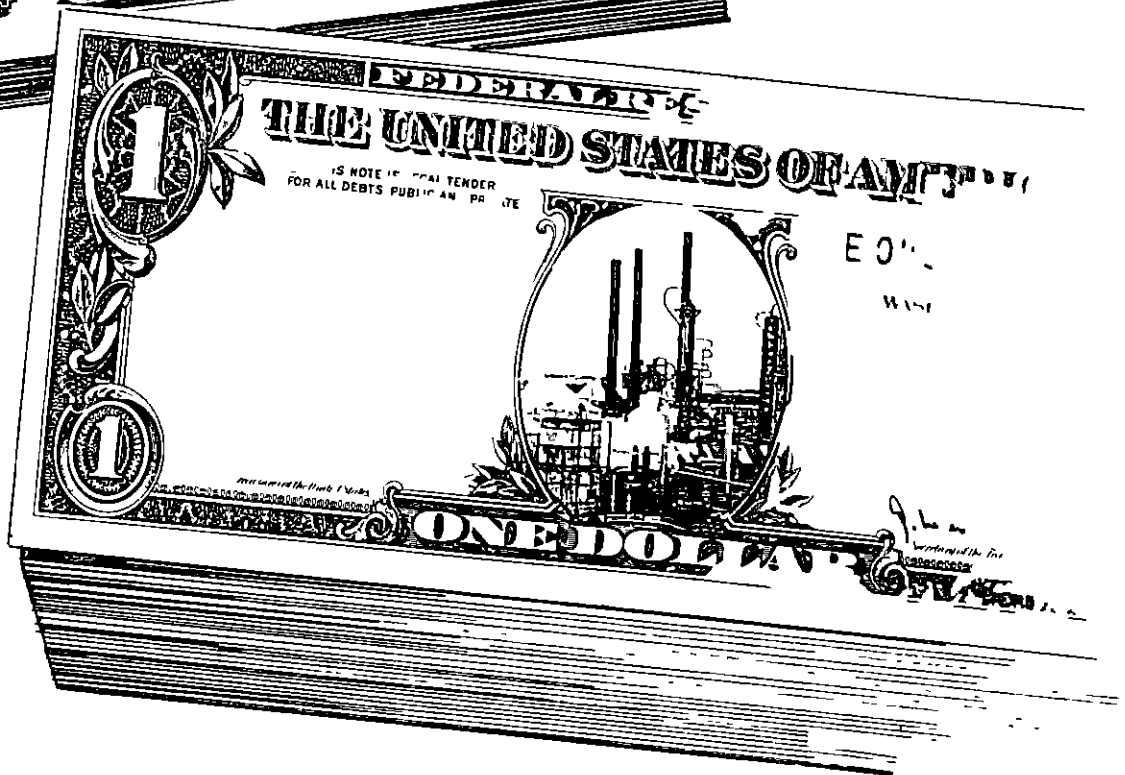
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Do rural and urban multipliers differ?

see page 1

AGRICULTURAL ECONOMICS RESEARCH

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In This Issue

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Doing research is sometimes like sailing in a small boat. There are times when you know exactly where you want to go and the winds are favorable. You can set a course directly toward the destination and make good speed. With deductive logic, as with running a course downwind, you proceed directly and unerringly from a known origin to a known destination. There are other times when you are not sure either of your destination or of the way the winds have shifted. You turn the rudder and trim the sails until it feels about right. If your target is upwind, you find yourself on an oblique course. With inductive logic, as with beating a course upwind, you proceed tentatively, first on one tack, then on another, never steering a course directly toward your destination. Your general progress is probably in the right direction, but when the winds shift you may find yourself with sails luffing in the wind, pointed in the general direction of truth, but standing still.

The articles in this issue sail uncharted courses toward useful destinations. Sometimes they find themselves with sails shaking in the wind. For example, the tests of statistical significance are weak. Yet each article relies on economic theory to proceed on course.

The authors of the first article seek to explain, using monetary as well as real variables, regional variations in rural and urban growth. The preliminary version of the econometric model reported here is not well calibrated, simulated time paths of certain key variables in one of the regions are obliquely related to actual time paths. Yet the results appear reasonable: tight monetary conditions retard real growth, and national monetary policy affects rural areas differently than urban ones.

The authors of the second article seek to explain, using both biological and economic logic, the effect on pesticide demand of increasing resistance. Only two of six parameters estimated were statistically significant. Yet the results appear reasonable: through a specified range, farmers are willing to purchase larger quantities of pesticides at a given price as resistance increases.

Clark Edwards

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