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REJOINDER: AN APPROACH TO THE ECONOMETRIC ESTIMATION OF ATTITUDES TO RISK IN AGRICULTURE

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Ziv Bar-Shira has correctly pointed out that we failed to test a restriction imposed by theory on the way that the income response of the coefficient of partial risk aversion is related to the wealth response. We are grateful to have this pointed out. It is interesting to note that Bar-Shira's rough calculations suggest that if the restriction were imposed then our estimates of partial risk coefficients would be closer to 1, which would be consistent with some of the estimates produced by other quite different methods reported in the literature. It would be of some interest to re-estimate our models with the Bar-Shira restriction imposed.