Theil H. *Principles of econometrics*. New York: Wiley, 1971. 736 p.
[University of Chicago, IL]

This book describes the techniques available for economic data analysis. It examines a series of statistical models of increasing complexity. The book first summarizes the algebra and statistics prerequisites; it then presents the standard linear model of econometrics and various forms of residuals for testing the model's assumptions. The latter chapters develop such topics as the generalized least-squares method, simultaneous equation models, asymptotic distribution theory, and specification and aggregation analysis. The book is designed to be used both as a textbook for multilevel courses in econometrics and as a reference tool. [The *SSCI®* indicates that this book has been cited in over 1,460 publications.]

Preprinting Principles of Econometrics

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It took me about four years to write *Principles of Econometrics*. The book was published in 1971, but its antecedents existed in the form of lecture notes, both at the University of Chicago and at The Netherlands School of Economics (now Erasmus University) in Rotterdam. In fact, the Rotterdam lecture notes were useful not only for my text but also (and earlier) for that of Arthur S. Goldberger.[1] [Editor's note: The book continues to be cited in many recent econometrics papers, for example, in a paper by E.H. Oksanen on principal components analysis.[2]] The Chicago lecture notes had a life of their own. Just recently, a mathematical geographer at the University of Florida told me that he had used *Principles of Econometrics* as a text *before* the book came out; his instructor at Ohio State University had distributed copies of my lecture notes among his students.

I started working on this book in Rotterdam after I finished the manuscript of *Economics and Information Theory*,[3] which is another *Citation Classic*. It is tempting to reflect on the question of whether I would have presented the material in these two books differently if I had done this now. In one respect I would have made substantial changes: I would not have presented all those logarithmic tables at the end of *Economics and Information Theory*! The computer has changed our professional lives drastically.

1. Goldberger A S. Preface. *Econometric theory*. New York: Wiley, 1964. p. vii-viii. (Cited 1,090 times since 1966.)
2. Oksanen E H. Principal components in econometrics. *Commun. Statist.—Theor. Method.* 17:2507-32, 1988.
3. Theil H. *Economics and information theory.* Amsterdam, The Netherlands: North-Holland, 1967. 488 p. (Cited 525 times.)
   [See also: Theil H. Citation Classic. (Smelser N J, comp.) *Contemporary classics in the social and behavioral sciences.* Philadelphia: ISI Press, 1987. p. 309.]

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