

Maddala G S. *Econometrics*. New York: McGraw-Hill, 1977. 516 p.  
[University of Florida, Gainesville, FL]

Most of the books on econometrics concentrate on theory. This book offers a blend of both econometric theory and empirical applications. In this way readers learn to use the methods in real life problems. [The SSC1® indicates that this book has been cited in more than 725 publications.]

## Econometrics in Plain English

G.S. Maddala  
Center for Econometrics and  
Decision Sciences  
University of Florida  
Gainesville, FL 32611

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When I looked at the different books on econometrics in the early 1970s, I found that they were concentrated on matrix manipulation and that none went deeply into the question of why we do what we do. The limitations of the different procedures were not adequately discussed. I wrote this book with the idea that the motivation behind the different econometric methods should be explained in simple terms without cluttering up the explanation with a lot of algebra. That is why the book is written in a style so that the basic ideas are explained in plain English, and the proofs and algebraic details are relegated to the appendices.

Over the years practitioners in the area of econometrics have found the book of great value because of the simplicity of exposition. On the other hand, many graduate students also found the appendices very useful because the results were all proved in a concise notation. Another novel feature of the book was

that it was the first book in econometrics that had copious quotations from recent journal articles. Since then, other books on econometrics have copied this style.

Econometrics has changed in character in the 1980s. With advances in computer technology, estimation of almost any specified model is feasible. Thus, devising simpler estimation methods, which was the main concern during the 1960s and 1970s, lost its appeal. The concern nowadays is not how to estimate a given model, but how to judge whether you have a good model and whether the assumptions on which the model is based are valid or not. Tests for misspecification and diagnostic checking have become the center of attention. This is why I included a chapter on diagnostic checking, model selection, and specification testing in my latest book.<sup>1</sup> Again, this is the first book at the introductory level that deals with these problems.

Econometrics has now advanced to a stage where it is not possible to cover all the topics in one book. That is why there are now monographs on each topic. I myself wrote one,<sup>2</sup> but there are several published by the Cambridge University Press and Oxford University Press. In addition, there is a three-volume handbook<sup>3</sup> that surveys recent work in several areas, and more volumes are forthcoming. Given this enormous growth in the field during the past decade, I gave up any hope of revising my book. A whole new book needs to be written with the same basic approach.

1. Maddala G S. *Introduction to econometrics*. New York: Macmillan, 1988. (Cited 10 times.)

2. . . . . *Limited dependent and qualitative variables in econometrics*. New York: Cambridge University Press, 1983. (Cited 525 times.)

3. Griliches Z & Intriligator M D, eds. *Handbook of econometrics*. Amsterdam, The Netherlands: North-Holland, 1983-1986. Vols. 1-3.