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Preface

The origins of this book go back several years to the time when the National Bureau of Economic Research (under the auspices of the National Science Foundation) was sponsoring various seminars for the purpose of assessing and enhancing the progress of applied economic research. One of the seminars was entrusted with the problem of devising criteria for the evaluation of econometric models. A group of interested scholars and researchers met several times to discuss various issues related to this problem. The result was compiled in a single publication¹ which represented a comprehensive statement of the state of the art at the time. After the completion of this study it became very clear that the existing knowledge did not and still does not take us very far toward the solution of the problem of econometric model evaluation and that it might be desirable to explore new approaches to the problem.

This consideration led us to conduct an inquiry about some ongoing work which might be relevant in the fringe areas of econometrics and applied economics. A call for papers for presentation at a symposium held in Ann Arbor produced a number of submissions.

The papers included in this volume represent our selections of those submissions. Each paper was subjected to a rigorous refereeing and editorial process as if it had been submitted to a leading professional journal. The only major difference was that we were concerned more with the originality of ideas, as viewed from the mainstream of econometrics, and with the form of exposition than with the novelty of theorems and techniques or technical brilliance.

The main purpose of the volume at hand is to bring to the attention of students and researchers in applied economics some of the new approaches to model formulation and evaluation that are not yet discussed in the standard econometric literature but that do appear to be promising or at least worth knowing about.

Some of these approaches have already been described in journal articles or book chapters, but not in a form that would make them accessible, or sometimes even understandable, to econometricians or to the users of

econometrics. For instance, there is no systematic discussion in the econometrics literature of such topics as Tukey's exploratory data analysis, of Wold's partial least squares analysis, or of the problems of economic experimentation. Other approaches presented in this volume are quite novel in their focus and may well be worth developing into practical tools of applied econometrics.

The book thus provides for topics on the boundaries of econometrics a compendium that could serve as a basis or an inspiration for further work toward the progress of our discipline.

The list of fellow econometricians and economists from whose advice we have benefited is quite long. It includes all the formal discussants, whose comments appear in the text, all the external referees, who have to remain anonymous but whose contributions were nevertheless very important, and many others with whom we had informal discussions about some of the issues raised in this volume. Our special thanks go to W. Barnett, M. E. Bock, W. H. Du Mouchel, G. Fromm, K. Gaver, M. S. Geisel, M. E. Ireland, G. C. Judge, E. Learner, W. H. Locke Anderson, J. McCall, D. McFadden, M. T. Maloney, C. Manski, D. W. Peterson, E. D. Rothman, H. Shapiro, W. Spivey, R. L. Teigen, V. M. R. Tummala, and W. J. Wroblewski, who participated in various official and unofficial capacities in the symposium and contributed to the discussion.

A commendation is due to David Coe, who served as a very able rapporteur for the symposium, and to Mary Braun, whose secretarial and typing help went well beyond the call of duty. Finally, we are indebted to the National Science Foundation for financial support in running the symposium and to the University of Michigan for the provision of facilities. One of the editors, Jan Kmenta, would also like to acknowledge the support of the Humboldt Foundation of Germany and of the Institute of Econometrics at the University of Bonn in the final stages of the preparation of the manuscript.