Econometrics lacks the tradition of oral and written history which exists in economics, yet the classic papers in econometrics deserve to be read as much as the classics of economic theory. The readings in this book, some of which appear for the first time in print, have been chosen to illustrate the essential ideas which went into the foundation of the subject. Much of the work is conceptually sophisticated, and thus retains its relevance today. More surprisingly, much of the applied work also bears re-reading for its creativity, accuracy, and its ability to cope with awkward problems. David Hendry and Mary Morgan provide a commentary which offers well-informed insights into the work of the individual authors. Some of the original applied results have been reworked, to enable the reader to appreciate more fully the successful research strategies of the pioneers.

Though subtle in their approach to ideas and problems, many of the readings are technically straightforward, making the volume accessible to students, and to the non-specialist. Hence, the book provides a useful – and tested – teaching resource. The readings also provide an essential background to current methodological arguments within econometrics, and are therefore equally relevant to practising econometricians interested in the foundations of their discipline.

While *The Foundations of Econometric Analysis* provides a companion to Morgan's successful *The History of Econometric Ideas*, the editors' commentary both adds to that earlier volume and also provides a stand-alone and synthetic account of the development of econometrics.

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Preface

This book is the outcome of the extensive archival research on which Morgan (1990) is based. Despite being a relatively young discipline (the Econometric Society was founded in 1931), econometrics already has a substantial intellectual history concerned with making sense of empirical economic evidence. Reading the early studies in quantitative economics and econometrics highlighted the wealth of material that was no longer well remembered, and revealed the insights it could cast on current debates as well as the historical perspective it automatically provided. We discovered important correctives to some conventionalist views extant about earlier, and still famous, debates and we comment on these below. The value of reading the struggles of pioneers to see how perceptions of problems emerged and how solutions began, specifically then gradually were generalized, was brought home to us. And, of course, the pure fun of reading the views of the giants who founded a new discipline enlivened our study and motivated us to bring it to a successful conclusion. We also greatly enjoyed discussing the history of econometrics with many of those who helped create it.

Overall, the book aims to be a contribution to the history of econometrics. The papers reproduced below represent the tip of the pyramid of published material, but are sufficient to establish many key aspects of the historical record. As such, the book can also serve as a resource for courses on the history of econometrics, especially its conceptual foundations. The commentaries describe our view of the various papers as well as provide historical context and links to the previous and succeeding literature. The various papers show the main references relevant at the time they were conceived and point towards fruitful directions for historical and econometric research. We have reproduced the materials without changes as far as possible: we have made minor corrections to the mathematics to aid clarity, and to avoid confusion we have adapted consistent numbering styles for tables, figures and footnotes.

Writing the preface of a book is always a special pleasure since it denotes the end of a long – albeit enjoyable – task and brings to mind the kindness and help accorded by so many at every stage. Many researchers kindly agreed to be interviewed or extensively discussed our ideas: Roy Allen, Ted Anderson, Carl Christ (correspondence),

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Karl Fox, Arthur Goldberger, Clive Granger, Larry Klein, Tjalling Koopmans, George Kuznets, Trygve Haavelmo, Guy Orcutt, J. J. Polak, Olav Reiersøl, Richard Stone, Jan Tinbergen, Jim Tobin, Herman Wold, Holbrook Working, Sewall Wright and Arnold Zellner. It is with great sadness that we record the deaths since our discussions of Roy Allen, Tjalling Koopmans, Richard Stone, Jan Tinbergen, Herman Wold, Holbrook Working and Sewall Wright.

We are indebted to John Aldrich, Chris Gilbert, Neil Ericsson, James Heckman, John Muellbauer, Mark Nerlove, Peter Phillips, Duo Qin and Aris Spanos for their helpful discussions of and ideas about the papers and commentary. Numerous others have added insights and useful comments to the project both orally and in correspondence, and we are grateful to them for their help even though individual acknowledgement is not feasible over the many years of research.

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We would also like to thank Anne Craiger at the Special Collections Library at UCLA for helping in accessing Marschak's papers, and Mr Gjönnes, Librarian and Jens Andvig, both at the University of Oslo, for help in accessing Frisch's papers.

We are grateful to many publishers, executors, learned societies and individuals for kind permission to reprint: a detailed list is provided in the acknowledgements, but without their support and help, a volume such as this would be impossible.

Finally, we owe considerable personal debts to Charles, Evelyn and Vivien for their support and help while we were finding, reading, digesting and selecting from the vast range of historical papers, and writing our introductory commentary.

The data sets analysed in our commentary can be downloaded through anonymous ftp from *hicks.nuff.ox.ac.uk*. The files are stored in the directory called *pub\economic\hendry\histects* in both ASCII and PcGive format. Please read the 'read.me' file in the directory before proceeding. So far as possible, the files are named after the original author (e.g. MOORE.IN7 or SHULTZ.BN7) or truncated (e.g. TINBERGN) to be no more than eight letters. The .BN7 files are binary, and have to be downloaded as such.

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