

Book Review

[Chandan Mukherjee, Howard White and Marc Wuyts (1998). **Econometrics and Data Analysis for Developing Countries**. Routledge, London and New York; ISBN 0-415-09399-6 (hbk), ISBN 0-415-09400-3 (pbk) 496pp. With Diskette]

This is a new book on the use of econometrics and data analysis techniques in the context of developing countries. The book contains five sections with fourteen chapters, three of the chapters supported by appendices. It is also accompanied by a set of electronic data (on developing countries) that greatly facilitates computer-based application of concepts explored in the main text.

Part I of the book is informed by the authors' belief in the exploration and understanding of data before modeling presumed patterns that may emerge from the exploration. Thus, the first three chapters of the book are devoted to understanding of data centered analysis, averages and distributions. Once the data is explored in this manner, the next issue is to model the observed patterns. Thus, part II of the book is devoted to this issue, in particular, by focusing on regression (both simple and multiple) analysis. The strength of this part lies in its attempt to elucidate interpretation of regression results by explicitly taking real world developing countries' problems. This is forcefully demonstrated, for instance, using Griffin's aid versus saving model and the issue of model misspecification in econometrics.

Part III and part IV of the book seem to be informed by the desire to make the book not only theoretical but also an invaluable tool for practicing econometrics. In part III the emphasis shifts to cross-section data analysis while in part IV time series econometrics is introduced. As noted, although the introduction of these sections, in particular part IV, justified on practical ground, it demands the reader to jump into new area (except perhaps chapter seven on heteroscedasticity) without providing adequate exposition on problems of classical regression assumptions that would have deepened the exposition in part II. Be that as it may, the introduction of the logit model in this part is quite an interesting addition for those researchers that deal with qualitative data.

Part IV on time series econometrics provides an excellent introduction. The authors could have strengthened that part by discussing the Johanson method and some developing country examples using this method. Adding such chapter would have undoubtedly qualified the book for post-graduate teaching in most LDCs. Part V, on simultaneous equation models, is not fundamentally different from the classical treatment of topics raised in this theme. The authors largely followed their creative approach in the book (i.e. data-centered analysis and its application in LDCs), however. This is in particular good in chapter 13 when they discussed misspecification bias. However, the analysis is not creatively linked with new time series econometrics, which only is discussed in the preceding section. Future work on

this part need to focus on the relationships between single equation vector autoregressive modeling (such as ECM and its in/capacity to deal with simultaneous equation bias) and simultaneous equation models by focusing on practicality of these models.

One major problem of this book is perhaps lack of clarity of the intended readers. The book treats topics at various levels so that it is pretty hard to pinpoint whether it is targeting graduate or undergraduate level students. This has both merits and demerits. It is advantageous to graduate universities which take quantitatively weak students from undergraduate level but could be limiting for others. Hope, in future editions, the authors will target particular class of students and build the material progressively (step by step).

All in all, Mukherjee *et al.* need to be congratulated for the excellent job that is well done. The authors, drawing on their wide experience on teaching developing countries' students, not only provided us a state of the art (but highly simplified) book in quantitative methods that is squarely focused on developing countries but also a book that goes beyond the traditional methodological confines of econometrics.

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