

by the standards of statisticians (who I presume *are* entitled to define 'spatial statistics' rather than geographers). It is written by a quantitative geographer and almost exclusively concerns classical linear models with correlated errors. The alternative title for the field given in the preface, *spatial econometrics* seems to me (as a statistician) better to describe the field, which may appeal to econometricians and should interest regional scientists. This book is not intended to be a primer, but rather a follow-up to other texts by geographers (such as Andrew D. Cliff & J. Keith Ord's *Spatial Processes*, Pion, 1981, and Graham J. G. Upton and Bernard Fingleton's *Spatial Data Analysis by Example*, vol. 1, Wiley, 1985). It reads like a commentary on recent research papers by the authors and others on 'selected topics', principally missing data, edge effects and multivariate data. Readers should be aware that this work has attracted vociferous criticism from statisticians, which I have no space to discuss here. However, I did gain an impression of a lot of mathematical equations conveying not much statistical understanding and sometimes statistical misunderstanding.

BRIAN D. RIPLEY

MANSKI (CHARLES F.). *Analog Estimation Methods in Econometrics*. New York and London: Chapman and Hall, 1988. Pp. xv + 158. £29.50 hardback. ISBN 0 412 01141 7.

This book makes use of the analogy principle to organise a large number of estimation problems in econometrics. According to the analogy principle, parameters are estimated by sample statistics which make the known properties in the population to hold as closely as possible in the sample. The coverage is impressive, the style terse and a very high level of abstraction is maintained throughout. One feature is the treatment under a common language of parametric and non-parametric problems. Indeed, one of the original contributions is an analog interpretation of kernel estimators. The price that is paid for this level of generality is that the book will be less accessible. A good understanding requires familiarity with functional analysis and mathematical statistics. Part I sets up relevant concepts and a language, and demonstrates how very different estimation problems can be accommodated within the analog perspective. This part summarises the main thrust of the book and could be read as a separate expository article. Manski makes a strong case for approaching estimation from an analog perspective and in particular for the revival of the method of moments. This is bound to exert a strong influence in the profession. Part II contains a more detailed discussion of moment problems. These include mean and median regressions as well as other best predictors, likelihood problems and an explicit consideration of non-linear econometric models. Part III is devoted to the asymptotic theory of moment estimators. There is an interesting unified treatment of consistency theorems for continuous and step problems. It also contains a useful synthesis on recent results on semi-parametric efficiency bounds. The material in this monograph is directly relevant to cross-section and panel data applications. Less so to time series, although the general principles obviously apply. It should be of interest to econometricians and graduate students, but also to applied econometricians as a reference source of new developments in estimation theory.

MANUEL ARELLANO

THOMPSON (J. L.). *A Financial Model of the UK Economy*. Aldershot and Vermont: Avebury, 1988. Pp. viii + 158. £25.00 hardback. ISBN 0 566 05690 9.

The study of consumer demand is highly respectable, whereas sadly, a disaggregate study of the equally important issue of portfolio allocation merits a book which has not been typeset and therefore (?) only a note in this *Journal*. Portfolio allocation studies face pitfalls, and there have been some recent mishaps. But nevertheless it is a pity that this attempt is unlikely to receive the attention it deserves. And I fear that the book describes a completed project rather than continuing research. That is not to say that I regard this book as ideal. A study of the period 1973–80 which does not appear to investigate any role for dummy variables representing the effects of the Supplementary Special Deposits Scheme (the corset) worries me. On a broader level the aggregation of the personal and corporate sectors to the non-bank private sector has the great advantage that it not necessary to model the stock exchange. But surely economic theory leads us to expect that a boom on the stock exchange will spill over into the demand for money. Any satisfactory model of the demand for money should identify this. The author makes the bold step of testing the simulation properties of his model, something which often makes the proprietors of such models nervous. The model is solved with consistent expectations over the period of study. Unfortunately the solution method adopted makes the results very sensitive to the terminal conditions used, a fact which the author uses a fallacious argument to refute. As might be expected the model does better at tracking quantities than asset prices. It must be hoped that this approach to the modelling of the financial economy will continue to be developed. This book has prepared much of the groundwork.

MARTIN WEALE