

Add more variables so that we can carried for them and find the partial effect of XI (p) TEH - regression is all about typing to find the book opinionaler too B. (the partial effect) RULE: - If XI and X2 correlate - AND X2 effects Ye cannot be Value of B. Y= Bo+ B, X, + E Y= Ao+ AIT: * E; } Estimate of all ? Pi= Number of people on the beach Yi= & Bo+ BiT+ B2P+ + Er} Estimate of P. and P.? Since Ti and Pi and redaled AND Pi affects Yi, It should be included in the model	crossed form solution for B vector (XTX) XTY
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- AND X2 effects Ye canvally Including X2 in your regression will change the Value of \$1. Y = \$a + \$i \times i \times	RULE: • 4 X1 and X2 correlate
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be induded in the model	Since Ti and Pi are related ANIA Di
	be induded in the model
in agrificant	· hight make othe coefficient insignificant

2) How to do regression (No hardrule - Art not a sciena!)
in the are when there were the
Very Naive - Include all regresson (BAD!)
· multivalinasty, regressor might have no effect
Noive - Do Lot of combination and pick the model
P-Hacking
· Migut not caus about R2
· R2 alway inapass ! Adjusted R2 better
10 Helies Olla Penemen Drawnie 1 1 Line Inn
Quile Naive - Do dots of combination and pick the model
with the lowest p-value on the B of
interest (akay. getting better)
But p-hacking
a could like a recognition was will test
Okay Define a small list of regrowsen you will test and do theet. Compare them.
? Forward / Backwards Step-wise with rule
· Can be okay but flaw
· Migut stop too early or late
Best way - Theory to desive things (!)
· Education and mage example
Example: work to measure
O 1 mont education against wager
(E) I know experience and gerde might be impostant
Reg 1: wage:= fo+ BiEd; + Bo Xp + Bo Male; + E;
3 1 sweat age might have an effect but
a) I also think type of school you went to might have

