Basic Assumption:

$$y = m_1 x_1 + m_2 x_2 + \cdots + m_k x_k + m_{k+1}$$

increase x_1 by 1

$\longrightarrow$ y to increase by m_1

independently of values of the other variables.
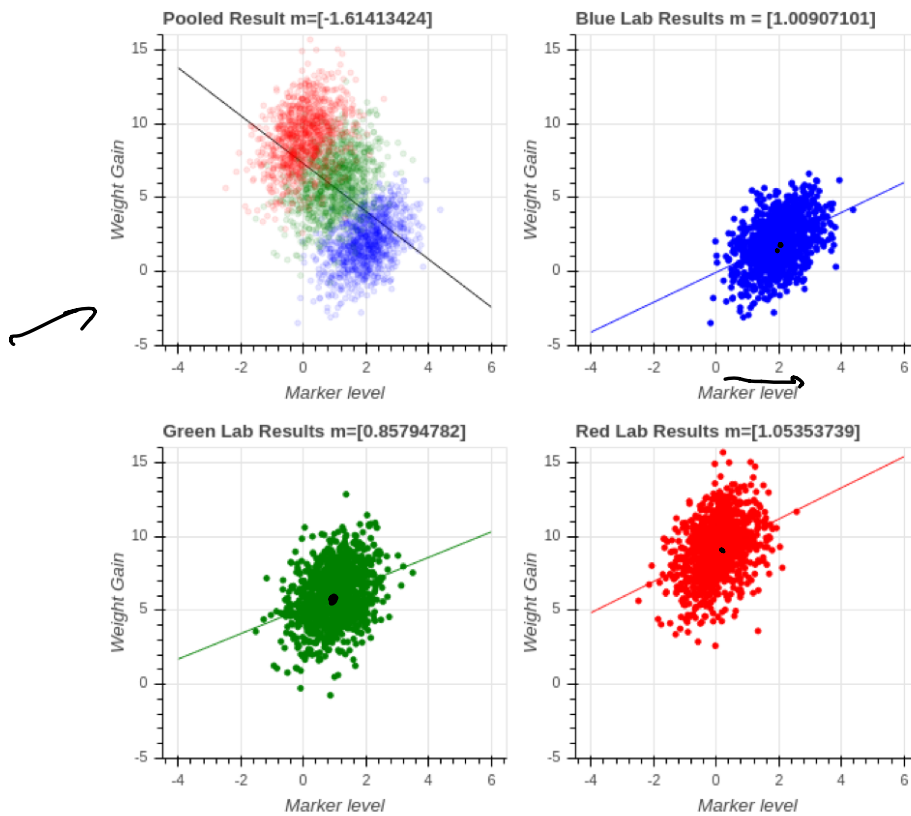
Numerical Problems.

matrix inversion

numerical instability

$$D^{-1} X^T Y = M$$

Figure 4: Simpson's Effect