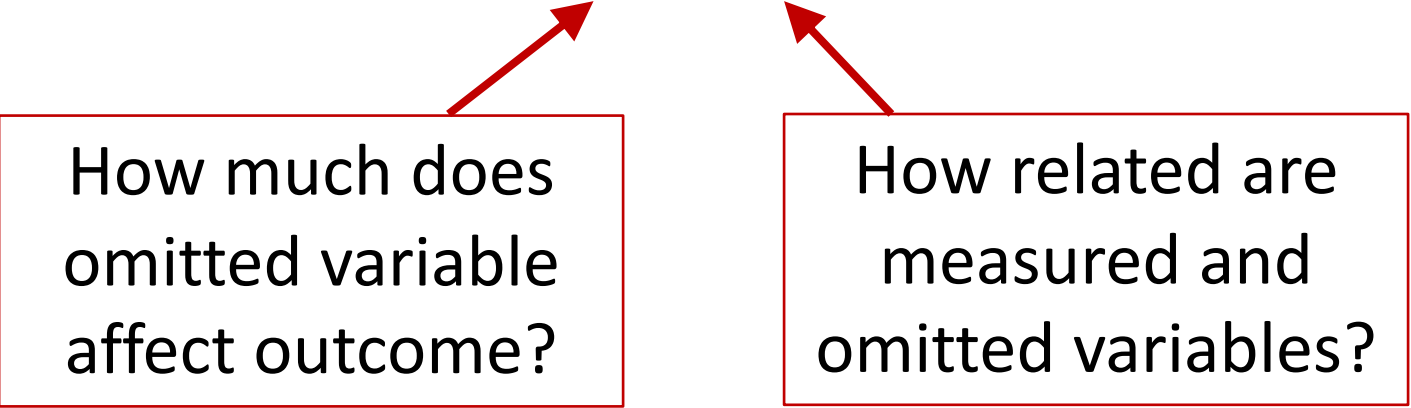


estimate = true parameter + omitted variable bias

$$\alpha_1 = \beta_1 + \beta_2 \delta_1$$



How much does  
omitted variable  
affect outcome?

The diagram consists of two red-bordered boxes at the bottom. The left box contains the text 'How much does omitted variable affect outcome?'. A red arrow points from the top-right corner of this box to the term  $\beta_2 \delta_1$  in the equation above. The right box contains the text 'How related are measured and omitted variables?'. A red arrow points from the top-left corner of this box to the same term  $\beta_2 \delta_1$ .

How related are  
measured and  
omitted variables?