A: No Outliers & No Distortion B: Outliers & Distortion in Coefficients True outliers detected & removed in robust estimate 9 9 False outlier detected & removed in robust estimate OLS Estimate (distorted) Distortion Test: based on difference between OLS Estimate $^{\circ}$ $^{\circ}$ robust and OLS estimates 0 0 **DGP DGP** Ņ ņ **Huber-Skip Robust Estimate Huber-Skip Robust Estimate** (e.g. IIS) (e.g. IIS)