Chapter 3 Multiple Regression

Motivation

	indep. vars.	u
y	$x_1, x_2, \ldots$	
wage	educ., IQ, location, experience, ...	more likely to be exogenous
crime	unemployment, geography, graduation, ...	

k indep. vars. $\quad k = 2$

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + u$$

β_1 : Δy for $\Delta x_1 = 0$ $\quad \Delta x_2 = 0$, $\Delta u = 0$