

Problem Set 1

MACS 30100, Dr. Evans

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Problem 1 Classify a model from a journal

Part (a-b). Find an article and list the detailed citation

David Jacobs and Jonathan C. Dirlam. (2016). *Politics and Economic Stratification: Power Resources and Income Inequality in the United States*. American Journal of Sociology, 122(2): 469-500 <http://www.journals.uchicago.edu.proxy.uchicago.edu/doi/abs/10.1086/687744>

Part (c). Statistical model

This article aims to find out what factors can be used to best explain the U.S. growth in economy stratification since the late 1970s. This research tests the power resource hypothesis with a pooled time-series analysis of income inequality. Specifically, in their statistical model, the authors majorly examined the strength of neo-liberal national administrations as well as skill-biased technical change. The income inequality in a specific state in a given year is expressed as follows:

$$\begin{aligned} \text{Inequality}_t = & \beta_0 + \beta_1(\text{Republican-governor}_{t-2}) + \beta_2(\text{Republican-state-legislature}_{t-2}) \\ & + \beta_3(\text{Republican-president}_{t-2}) + \beta_4(\text{Presidential-election}_{t-1}) + \beta_5(\% \text{Union}_{t-1}) + \\ & \beta_6(\% \text{Employed-in-finance}_{t-1}) + \beta_7(\% \text{Black}_{t-1}) + \beta_8(\% \text{Black} \times \text{Year})_{t-1} + \beta_8(\% \text{Hispanic}_{t-1}) + \\ & \beta_9(\% \text{Hispanic} \times \text{Year})_{t-1} + \beta_8(\% \text{Income-per-capita}_{t-1}) + \end{aligned}$$