Crime in New York City

**Abstract**

**Part I. Introduction**

Topic

What lead to a decrease in crime in NYC since the 1960s? After reading from Steven Levitt's book Freakonomics, we assumed that features listed below may contribute to the decrease and our aim is to examine the causal relation of these features to the crime rate in NYC.

* Abortion rates
* Capital punishment [x]
* Increased incarceration rates
* Growing number of police officers [x] - same
* Dow Jones industrial average
* Employment rate

Background

Abortion Laws

(approved in 1973 and how this affect our research)

Capital punishment in NYC

(Which isn’t apply to NYC since it doesn’t have death penalty)

The formula in Freakonomics

(Linear regression, and explain why we use these features)

III. Summary

**Part II. Data Processing**

I. Source

(describe the way to get data, easy part)

For abortion, we found historical abortion rate data of New York city from Centers for Disease Control and Prevention (CDC), who offers reproductive health report [1] annually, thus we got a list of abortion data from 1982 – 2015. Still, with some data missing, we try to find a better data source.

Another option is using Alan Guttmacher Institute (AGI) survey’s data which is 1971 – 2016, and still has many data missing. Finally, we found a historical abortion statistic of New York State [2], which gave data range from 1930 – 2018 and contains both CDC and AGI data.

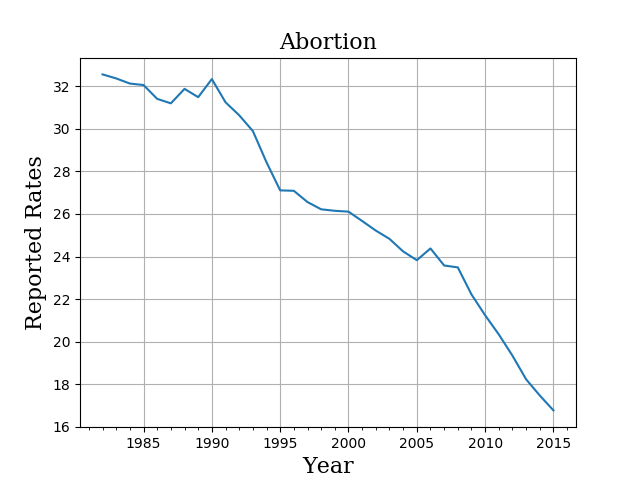
II. Missing data

(Use the paper we discussed to tell the way fit data in)

III. Data Stationary Examination

Stationary data means the data has properties that its mean, variance and covariance is stable with time and do not have trend or seasonal effects.

Before Stationary



Log transformation

(if data distribution skewed on the left or right side)

No need for abortion but will see how other features look like

Often used for parametric statistical test

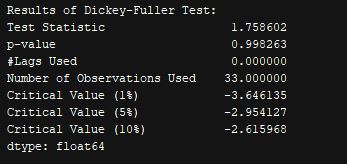
ADF (Augmented Dickey Fuller) Test

(the popular one)

Null Hypothesis we made (H0): The data series is non-stationary

(has unit root, )

Alternative Hypothesis we made (Ha): The data series is stationary.



(need convert to table)

Analysis:

In table we can see the test statistics for abortion in ADF test is 1.7586, which is larger than critical value at 90% (10%), 95% (5%) and 99 (1%) confidence intervals, and this means the H0 should be accepted.

P-value is 0.0998, which is larger than significant level , and this also tells us the null hypothesis holds.

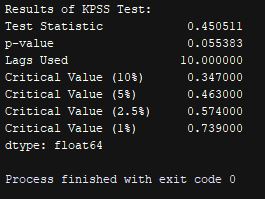
The lags used is 0, which represents the degree of this time series data correlate to itself is high, this also shows the data is non-stationary.

KPSS (Kwiatkowski-Phillips-Schmidt-Shin) Test

(for data with a trend, and in this case, abortion)

Null Hypothesis we made (H0): The data’s trend is stationary

Alternative Hypothesis we made (Ha): The data series has a unit root(nonstationary)



(need convert to table…)

Analysis:

In table we can see the test statistics for abortion in KPSS test is 0.45, which is less than critical value at 95% (5%), 97.5% (2.5%) and 99 (1%) confidence intervals, and this means the H0 should be accepted.

P-value is 0.055, which is larger than significant level , and this also tells us the null hypothesis holds.

The lags used is 10, which represents the degree of this time series data correlate to itself is low, this also shows the data’s trend is stationary.

Cases discussion:

Case 1: Both tests are non-stationary

Case 2: Both tests are stationary

Case 3: ADF is non-stationary and KPSS is stationary

This is trend stationary. The data series has no unit root but its trend is stationary. Once the trend is removed the result series will be strict stationary, which means the mean and variance and covariance in this data series are not a function of time.

Case 4: ADF is stationary and KPSS is non-stationary

This is difference stationary. We should use differencing to make series stationary.

Stationary Process

Keyword: data stationary remove trends

<https://blog.csdn.net/WMN7Q/article/details/70477985>

IV. Cointegration

Keyword:

**Part III. Linear Regression Model**

**Part IV. Granger Causality**

**Part V. Counterfactual Analysis**

**Part VI. Discussion**

**Reference**

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