

Today's Agenda

What drives economic investment in US states?

- Introduce Dataset 1
- Begin univariate analyses

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Scientific models are:

- Neither true nor false
- Limited in their accuracy
- Partial representations
- Useful for only some uses
- A reflection of the interests of the designer

Dataset 1: The Motivating Problem

What drives economic investment in US states?

Why do some states attract greater investment by companies and individuals than others?

Dataset 1: The Motivating Problem

What drives economic investment in US states?

- ① Literature Review
- ② Exploratory Data Analysis

Dataset 1: Literature Review

What are the important causal mechanisms that explain business investment in states?

- 1 A focus group of educated, engaged and dynamic undergraduates interested in business
- 2 Girsch-Bock, Mary. (2021, Jan 19). Top 10 Best States to Start Your Small Business in 2021. *The Blueprint by The Motley Fool*.

Dataset 1: The Economies of the US States

	A	B	C	D	E	F	G	H
1	State	abbrev	year	min_wage	gdp_millions	unemployment	population_thousands	rental_vacancy_rate
2	Alabama	AL	2020		224870.6	6	4921.532	13.6
3	Alaska	AK	2020	10.19	50246.7	7.9	731.158	7
4	Arizona	AZ	2020	12	372461	7.9	7421.401	5.5
5	Arkansas	AR	2020	10	129073.9	6.1	3030.522	8.4
6	California	CA	2020	12	3091871.5	10.2	39368.078	4
7	Colorado	CO	2020	12	390098.7	7.3	5807.719	4
8	Connecticut	CT	2020	12	280900.3	7.9	3557.006	5.6
9	Delaware	DE	2020	9.25	75512.5	7.9	986.809	6.1
10	Florida	FL	2020	8.56	1095888.2	7.9	21733.312	7.3
11	Georgia	GA	2020	7.25	619240	6.6	10710.017	7.1
12	Hawaii	HI	2020	10.1	89856.2	11.8	1407.006	7.5
13	Idaho	ID	2020	7.25	84032.2	5.4	1826.913	4.4
14	Illinois	IL	2020	10	863516.7	9.6	12587.53	7.9
15	Indiana	IN	2020	7.25	372636.7	7.2	6754.953	9.3
16	Iowa	IA	2020	7.25	192710.2	5.3	3163.561	8.9
17	Kansas	KS	2020	7.25	173298.3	5.9	2913.805	12.1
18	Kentucky	KY	2020	7.25	210024.2	6.6	4477.251	6.1

"Three Rules of Tidy Data"

country	year	cases	population
Afghanistan	1999	745	159807071
Afghanistan	2000	2666	20595360
Brazil	1999	37737	172006362
Brazil	2000	80488	174604898
China	1999	212258	127291272
China	2000	216766	128042583

variables

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Source: Wickham (2018) R for Data Science. O'Reilly.

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16	Iowa	IA	2020	7.25	192710.2	5.3	3163.561	8.9
17	Kansas	KS	2020	7.25	173298.3	5.9	2913.805	12.1
18	Kentucky	KY	2020	7.25	210024.2	6.6	4477.251	6.1

Dataset 1: The Motivating Problem

What drives economic investment in US states?

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Dataset 1: The Economies of the US States

	A	B	C	D	E	F
1	State	abbrev	year	gdp _millions	gdp _category	gdp _rate
2	Alabama	AL	2020	224870.6	Under \$1 trillion	-0.0143
3	Alaska	AK	2020	50246.7	Under \$100 billion	-0.0761
4	Arizona	AZ	2020	372461	Under \$1 trillion	0.0063
5	Arkansas	AR	2020	129073.9	Under \$1 trillion	-0.0144
6	California	CA	2020	3091871.5	Above \$1 trillion	-0.0131
7	Colorado	CO	2020	390098.7	Under \$1 trillion	-0.0073
8	Connecticut	CT	2020	280900.3	Under \$1 trillion	-0.0240
9	Delaware	DE	2020	75512.5	Under \$100 billion	-0.0204
10	Florida	FL	2020	1095888.2	Above \$1 trillion	-0.0096
11	Georgia	GA	2020	619240	Under \$1 trillion	-0.0103
12	Hawaii	HI	2020	89856.2	Under \$100 billion	-0.0615
13	Idaho	ID	2020	84032.2	Under \$100 billion	0.0044
14	Illinois	IL	2020	863516.7	Under \$1 trillion	-0.0249
15	Indiana	IN	2020	372636.7	Under \$1 trillion	-0.0186
16	Iowa	IA	2020	192710.2	Under \$1 trillion	-0.0100
17	Kansas	KS	2020	173298.3	Under \$1 trillion	-0.0181

Dataset 1: The Economies of the US States

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[1]	237	222	186	115	200	232	164	131	125	145	217	165	164	181	175	233	243	233	138	146	147	211	133
[24]	185	164	127	193	189	178	249	181	231	162	108	186	243	193	106	124	105	114	237	111	163	196	174
[47]	182	240	244	166	164	190	236	204	122	121	135	190	244	210	201	246	121	127	229	154	109	113	169
[70]	241	191	121	171	105	205	159	192	209	167	166	169	219	146	218	104	220	137	132	218	160	229	208
[93]	156	244	160	112	129	136	135	234	214	176	137	228	159	245	170	215	195	118	110	228	133	123	159
[116]	235	166	221	224	141	123	200	209	142	235	212	246	153	217	118	232	104	111	213	229	149	243	139
[139]	186	159	150	127	110	191	108	248	184	244	145	190	122	222	153	180	242	122	135	142	228	149	131
[162]	176	229	108	223	119	132	197	242	154	201	103	149	197	106	111	185	163	120	218	166	245	132	123
[185]	205	181	211	138	231	233	158	100	209	231	159	242	225	233	168	206	136	154	221	110	113	126	152
[208]	117	102	240	218	120	124	133	150	222	210	146	213	142	193	174	197	178	154	132	183	145	156	104
[231]	150	172	147	200	128	231	139	240	213	125	183	158	169	180	196	127	210	240	123	141	203	128	203
[254]	218	110	176	114	139	144	183	192	154	116	225	103	156	222	157	113	105	229	110	115	149	249	105
[277]	224	188	143	118	108	137	224	204	135	178	174	153	122	126	206	154	105	178	192	152	241	250	212
[300]	173	187	193	144	211	208	223	136	139	105	166	182	137	137	195	240	187	211	150	104	216	119	183
[323]	246	199	142	171	189	160	180	165	191	139	126	182	100	240	205	111	115	235	116	209	159	125	245
[346]	182	145	159	186	177	241	182	178	138	247	226	181	180	225	145	233	200	175	244	153	127	174	133
[369]	200	231	172	177	108	240	220	230	188	153	249	164	217	240	154	227	167	149	234	241	101	164	243
[392]	246	230	140	187	135	114	131	118	165	153	191	167	190	205	162	228	210	135	203	125	105	245	223
[415]	106	126	155	244	147	171	153	169	180	103	104	135	119	162	155	174	139	222	122	162	126	148	230
[438]	190	170	158	113	172	114	200	110	152	188	218	241	156	131	133	115	186	237	134	123	180	195	205
[461]	147	190	101	214	162	204	140	148	141	153	156	176	139	225	111	128	200	248	117	191	182	119	192
[484]	134	165	164	109	178	133	187	146	204	169	207	146	140	141	194	163	225	149	113	203	217	150	244
[507]	170	238	143	122	186	234	190	106	224	160	125	177	143	141	175	233	171	115	110	117	144	125	226

[1]	237	222	186	115	200	232	164	131	125	145	217
[12]	165	164	181	175	233	243	233	138	146	147	211
[23]	133	185	164	127	193	189	178	249	181	231	162
[34]	108	186	243	193	106	124	105	114	237	111	163
[45]	196	174	182	240	244	166	164	190	236	204	122
[56]	121	135	190	244	210	201	246	121	127	229	154
[67]	109	113	169	241	191	121	171	105	205	159	192
[78]	209	167	166	169	219	146	218	104	220	137	132
[89]	218	160	229	208	156	244	160	112	129	136	135
[100]	234	214	176	137	228	159	245	170	215	195	118
[111]	110	228	133	123	159	235	166	221	224	141	123
[122]	200	209	142	235	212	246	153	217	118	232	104
[133]	111	213	229	149	243	139	186	159	150	127	110
[144]	191	108	248	184	244	145	190	122	222	153	180
[155]	242	122	135	142	228	149	131	176	229	108	223
[166]	119	132	197	242	154	201	103	149	197	106	111
[177]	185	163	120	218	166	245	132	123	205	181	211
[188]	138	231	233	158	100	209	231	159	242	225	233
[199]	168	206	136	154	221	110	113	126	152	117	102
[210]	240	218	120	124	133	150	222	210	146	213	142
[221]	193	174	197	178	154	132	183	145	156	104	150
[232]	172	147	200	128	231	139	240	213	125	183	158
[243]	169	180	196	127	210	240	123	141	203	128	203
[254]	218	110	176	114	139	144	183	192	154	116	225

- The middle?
- The range?
- The variation?

Defining Statistics: Level 1

Statistics is a set of tools we use to summarize data

Summarize: “give a brief statement of the main points of (something)” (Oxford Dictionary).

Defining Statistics: Level 2

“The practice or science of collecting and analyzing numerical data in large quantities, **especially for the purpose of inferring proportions in a whole from those in a representative sample**”
(Oxford Dictionary).

Descriptive Statistics (Johnson 2012)

Measures of Central Tendency

- Mean
- Median

Deviations from Central Tendency

- Standard deviation

Measures of Variability

- Range
- IQR

Descriptive Statistics (Johnson 2012)

Measures of Central Tendency

- Mean
- Median

Deviations from Central Tendency

- Standard deviation

Measures of Variability

- Range = Maximum - Minimum
- IQR = 75th - 25th percentile

Descriptive Statistics in Excel: Using Functions

F3						
=AVERAGE(C2:C51)						
	A	B	C	D	E	F
1	state	year	gdp_millions			
2	Alabama	2018	221735.5		Mean	
3	Alaska	2018	54734.1		GDP (millions)	406455.9
4	Arizona	2018	348297.1			
5	Arkansas	2018	128418.9			
6	California	2018	2997732.8			
7	Colorado	2018	371749.6			
8	Connecticut	2018	275726.9			
9	Delaware	2018	73481.3			

Descriptive Statistics in Excel: Using Functions

D2							
	A	B	C	D	E	F	G
1	state	year	gdp_millions	gdp_billions			
2	Alabama	2018	221735.5	221.7355		Mean	
3	Alaska	2018	54734.1	54.7341		GDP (millions)	406455.9
4	Arizona	2018	348297.1	348.2971		GDP (billions)	406.4559
5	Arkansas	2018	128418.9	128.4189			
6	California	2018	2997732.8	2997.7328			
7	Colorado	2018	371749.6	371.7496			
8	Connecticut	2018	275726.9	275.7269			
9	Delaware	2018	73481.3	73.4813			

For Thursday

Variables

- Minimum wage
- Unemployment
- Population
- Homeowner Rate
- Manufacturing

Descriptive Statistics

- Mean
- Median
- Standard deviation
- Minimum
- Maximum
- 25th Percentile
- 75th Percentile

For Thursday

Predictors to Analyze (5): Min wage, unemployment, population, homeowner rate and manufacturing

Mean	= AVERAGE
Median	= MEDIAN
Standard deviation	= STDEV.S
Minimum	= MIN
Maximum	= MAX
25th Percentile	= QUARTILE.EXC (quart = 1)
75th Percentile	= QUARTILE.EXC (quart = 3)
