# Assignment 2-Ying Sun

October 16, 2018

# 1 Assignment 2

#### 1.0.1 Ying Sun

```
In [1]: # Import packages
    import numpy as np
    import pandas as pd
    import statsmodels.api as sm
    import math
    import matplotlib.pyplot as plt
    import seaborn as sns
    import warnings
    warnings.filterwarnings('ignore')
    # plt.style.use('seaborn')
```

#### 1.0.2 1. Imputing age and gender

(a) In order to solve this incompleteness problem, here I use the imputation strategy. I use the information (weight, age and gender) in the dataset of SurveyIncome on some people to infer attributes (age and gender) of other people in BestIncome dataset. Besides, noting that female\_{i} a categorical variable, we need to use Logistic regression to estimate. Basically, the equations should be as follows:

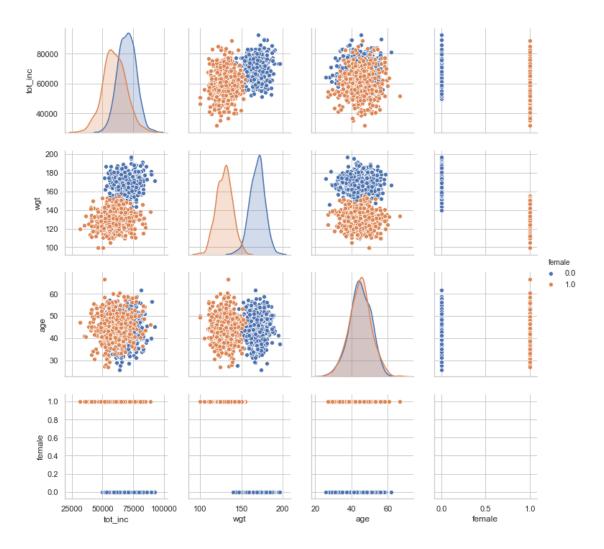
$$\begin{aligned} age_i &= \beta_0 + \beta_1 wgt_i + \beta_2 totinc_i + \varepsilon_i \\ \ln(\frac{P(female_i)}{1 - P(female_i)}) &= \beta_3 + \beta_4 wgt_i + \beta_5 totinc_i + \varepsilon_i \end{aligned}$$

Then I use labor income and capital income in the BestIncome dataset to form total income:

$$totinc_i = labinc_i + capinc_i$$

Then I use weight and formed total income to impute age and gender in the BestIncome dataset.

```
Out [2]:
                lab_inc
                              cap_inc
                                             hgt
                                                                   tot_inc
                                                         wgt
        0
          52655.605507
                          9279.509829
                                       64.568138
                                                  152.920634
                                                              61935.115336
          70586.979225
                          9451.016902
                                       65.727648
                                                  159.534414
                                                              80037.996127
        1
        2 53738.008339
                          8078.132315
                                       66.268796
                                                  152.502405
                                                              61816.140654
        3 55128.180903
                         12692.670403
                                       62.910559
                                                  149.218189
                                                              67820.851305
        4 44482.794867
                          9812.975746
                                       68.678295
                                                  152.726358
                                                              54295.770612
In [3]: df1.tail()
Out [3]:
                   lab_inc
                                 cap_inc
                                                                       tot_inc
                                                hgt
                                                            wgt
        9995 51502.225233 14786.050723
                                          66.781187
                                                     154.645212
                                                                 66288.275956
        9996
              52624.117104
                            11048.811747
                                          64.499036
                                                     165.868002
                                                                 63672.928851
        9997
             50725.310645 13195.218100
                                          64.508873
                                                                 63920.528745
                                                     154.657639
        9998 56392.824076
                             8470.592718
                                          62.161556
                                                     145.498194
                                                                 64863.416794
             44274.098164 12765.748454 64.974145
        9999
                                                     135.936862 57039.846618
In [4]: df1.shape
Out[4]: (10000, 5)
In [5]: names=['tot_inc','wgt','age','female']
        df2=pd.read table('SurvIncome.txt',names=names,sep=',')
        df2.head()
Out[5]:
                tot_inc
                                                female
                                wgt
                                           age
        0 63642.513655 134.998269
                                                   1.0
                                     46.610021
        1 49177.380692
                         134.392957
                                     48.791349
                                                   1.0
        2 67833.339128
                                                   1.0
                         126.482992 48.429894
        3 62962.266217
                         128.038121
                                     41.543926
                                                   1.0
        4 58716.952597
                         126.211980 41.201245
                                                   1.0
In [6]: df2.tail()
Out [6]:
                  tot_inc
                                  wgt
                                             age
                                                  female
             61270.538697
        995
                           184.930002
                                       46.356881
                                                     0.0
        996
             59039.159876
                           180.482304
                                       50.986966
                                                     0.0
        997
             67967.188804
                           156.816883
                                       40.965268
                                                     0.0
        998
             79726.914251
                           158.935050
                                       41.190371
                                                     0.0
        999
             71005.223603 169.067695
                                       48.480007
                                                     0.0
In [7]: df2.shape
Out[7]: (1000, 4)
In [8]: import seaborn as sns
        sns.set(style="white")
        sns.set(style="whitegrid", color_codes=True)
        sns.pairplot(df2, hue = "female")
Out[8]: <seaborn.axisgrid.PairGrid at 0x1facd1c6dd8>
```



# (b) Here is where I'll use my proposed method from part (a) to impute variables.

```
In [9]: # I will use this code cell to execute the code that will impute those variables.
        #Define Outcome and Independent Variables
        outcome = 'age'
        features = ['tot_inc','wgt']
        X,y = df2[features], df2[outcome]
        X.head()
Out[9]:
                tot_inc
                                wgt
           63642.513655
                         134.998269
        0
          49177.380692
                         134.392957
        1
          67833.339128
                         126.482992
        3 62962.266217
                         128.038121
          58716.952597
                         126.211980
In [10]: y.head()
```

# OLS Regression Results

Dep. Variable:		age		R-sq	uared:	0.001	
Model:		OLS		Adj.	Adj. R-squared:		-0.001
Method:		Least Squares		F-sta	atistic:	0.6326	
Date: Time: No. Observations:		Tue, 16 Oct 2018 19:52:37 1000		Prob	(F-statist	0.531	
				Log-	Likelihood:	-3199.4	
				AIC:			6405.
Df Residuals:			997	BIC:			6419.
Df Model:			2				
Covariance T	'ype:	nonr	obust				
=========							
	coef					[0.025	
tot_inc	2.52e-05	2.26e-05	;	1.114	0.266	-1.92e-05	6.96e-05
wgt	-0.0067	0.010	) –(	0.686	0.493	-0.026	0.013
const	44.2097	1.490	2	9.666	0.000	41.285	47.134
Omnibus:	=======	-=======	2.460	Durb	======= in-Watson:	========	1.921
Prob(Omnibus):		0.292		Jarque-Bera (JB):			2.322
Skew:		-0.109		_	(JB):	0.313	
Kurtosis:			3.092		. No.		5.20e+05
=========			======	=====			========

## Warnings:

- [1] Standard Errors assume that the covariance matrix of the errors is correctly specified.
- [2] The condition number is large, 5.2e+05. This might indicate that there are strong multicollinearity or other numerical problems.

```
In [12]: outcome =['female']
     features = ['tot_inc','wgt']
     X,y = df2[features], df2[outcome]
```

```
X = sm.add_constant(X, prepend=False)
m = sm.Logit(y, X)
res = m.fit()
print(res.summary())
```

Optimization terminated successfully.

Current function value: 0.036050

Iterations 11

Logit Regression Results

========	=======	=======	========		========	========
Dep. Variable	:	f	emale No.	Observation	s:	1000
Model:			Logit Df B	Residuals:		997
Method:			MLE Df N	Model:		2
Date:	T	ue, 16 Oct	2018 Pset	ıdo R-squ.:		0.9480
Time:		19:	52:38 Log-	-Likelihood:		-36.050
converged:			True LL-	Vull:		-693.15
			LLR	p-value:		4.232e-286
=========	======	=======				========
	coef	std err	Z	P> z	[0.025	0.975]
tot_inc	-0.0002	4.25e-05	-3.660	0.000	-0.000	-7.22e-05
wgt	-0.4460	0.062	-7.219	0.000	-0.567	-0.325
const	76.7929	10.569	7.266	0.000	56.078	97.508
=========	=======	========	========		========	========

Possibly complete quasi-separation: A fraction 0.55 of observations can be perfectly predicted. This might indicate that there is complete quasi-separation. In this case some parameters will not be identified.

\	tot_inc	wgt	hgt	cap_inc	lab_inc	Out[13]: lab	
	61935.115336	152.920634	64.568138	9279.509829	52655.605507	0	
	80037.996127	159.534414	65.727648	9451.016902	1 70586.979225		
	61816.140654	152.502405	66.268796	8078.132315	53738.008339	2	
	67820.851305	149.218189	62.910559	12692.670403	55128.180903	3	
	54295.770612	152.726358	68.678295	9812.975746	44482.794867	4	
\	inc_wgt_logit	ender_by_tot_	imputed_ge	y_tot_inc_wgt	imputed_age_b	imputed_a	
	-3.796726			44.745897	0		
	-10.367048			45.157777	1 2		
	-3.586401			44.745701			
	-3.322583			44.919024	3 44.91		
	-2.182210			4 44.554687			

We need to classify the imputed\_gender\_by\_tot\_inc\_wgt\_prob into two categories: 0 and 1. So here I use 0.5 as a boundary value. If imputed\_gender\_by\_tot\_inc\_wgt\_prob is larger than 0.5, I classify it as 1 category or I classify it as 0 category.

```
In [14]: def prob_gender(gender):
             if gender > 0.5:
                 gender =1
             else:
                 gender =0
             return gender
         df1['imputed_gender_by_tot_inc_wgt'] = df1.imputed_gender_by_tot_inc_wgt_prob.apply(pro
         df1.head()
Out [14]:
                 lab_inc
                               cap_inc
                                              hgt
                                                          wgt
                                                                    tot_inc \
         0 52655.605507
                           9279.509829 64.568138 152.920634 61935.115336
         1
           70586.979225
                           9451.016902 65.727648 159.534414 80037.996127
         2 53738.008339
                           8078.132315 66.268796 152.502405 61816.140654
         3 55128.180903 12692.670403 62.910559 149.218189 67820.851305
         4 44482.794867
                           9812.975746 68.678295 152.726358 54295.770612
            imputed_age_by_tot_inc_wgt
                                        imputed_gender_by_tot_inc_wgt_logit
         0
                                                                   -3.796726
                             44.745897
         1
                             45.157777
                                                                  -10.367048
         2
                             44.745701
                                                                  -3.586401
         3
                             44.919024
                                                                   -3.322583
         4
                             44.554687
                                                                   -2.182210
            imputed_gender_by_tot_inc_wgt_prob imputed_gender_by_tot_inc_wgt
         0
                                      0.021951
                                                                             0
                                      0.000031
                                                                             0
         1
         2
                                      0.026951
                                                                             0
         3
                                      0.034805
                                                                             0
                                                                             0
                                      0.101359
In [15]: BestIncome=df1[['lab_inc','cap_inc','hgt','wgt','imputed_age_by_tot_inc_wgt','imputed_
         BestIncome.head()
Out[15]:
                 lab_inc
                               cap_inc
                                              hgt
                                                          wgt
         0 52655.605507
                           9279.509829 64.568138 152.920634
```

9451.016902 65.727648 159.534414

1 70586.979225

```
2 53738.008339 8078.132315 66.268796 152.502405
3 55128.180903 12692.670403 62.910559 149.218189
4 44482.794867
                 9812.975746 68.678295 152.726358
   imputed_age_by_tot_inc_wgt imputed_gender_by_tot_inc_wgt
0
                   44.745897
                                                          0
1
                   45.157777
2
                   44.745701
                                                          0
3
                   44.919024
                                                          0
                   44.554687
                                                          0
4
```

# (c) Here is where I'll report the descriptive statistics for my new imputed variables.

```
In [16]: # I will use this code cell to do so!
         df1['imputed_age_by_tot_inc_wgt'].describe()
Out[16]: count
                  10000.000000
                    44.894036
         mean
         std
                      0.219066
         min
                     43.980016
         25%
                     44.747065
         50%
                     44.890281
         75%
                     45.042239
         max
                     45.706849
         Name: imputed_age_by_tot_inc_wgt, dtype: float64
In [17]: df1['imputed_gender_by_tot_inc_wgt'].describe()
Out [17]: count
                  10000.000000
                      0.229400
         mean
         std
                      0.420468
                      0.000000
         min
         25%
                      0.000000
         50%
                      0.000000
         75%
                      0.000000
         max
                      1.000000
         Name: imputed_gender_by_tot_inc_wgt, dtype: float64
```

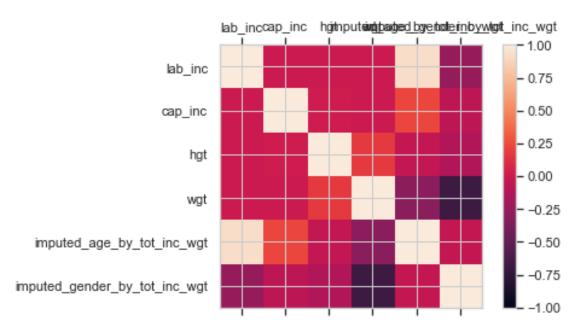
### (d) Correlation matrix for the now six variables

```
In [18]: # Correlation matrix code and output
    import matplotlib.pyplot as pl
    def corr_plot(df):
        import matplotlib.pyplot as plt
        import numpy as np
        import pandas as pd

    names = df.columns
    N = len(names)
```

```
correlations = df.corr()
fig = plt.figure()
ax = fig.add_subplot(111)
cax = ax.matshow(correlations, vmin=-1, vmax=1)
fig.colorbar(cax)
ticks = np.arange(0,N,1)
ax.set_xticks(ticks)
ax.set_yticks(ticks)
ax.set_yticks(ticks)
ax.set_yticklabels(names)
ax.set_yticklabels(names)
plt.show()
```

## corr\_plot(BestIncome)



#### 1.0.3 2. Stationarity and data drift

#### (a) Estimate by OLS and report coefficients

```
2001.0 721.811673 67600.584142
      1
          2001.0 736.277908 58704.880589
          2001.0 770.498485 64707.290345
      3
          2001.0 735.002861 51737.324165
In [20]: # Run regression model
      # Report coefficients and SE's
      outcome =['salary_p4']
      features = ['gre_qnt']
      X,y = IncomeIntel[features], IncomeIntel[outcome]
      X = sm.add_constant(X, prepend=False)
      m = sm.OLS(y, X)
      res = m.fit()
      print(res.summary())
                   OLS Regression Results
______
Dep. Variable:
                   salary_p4 R-squared:
                                                   0.263
Model:
                       OLS Adj. R-squared:
                                                   0.262
                Least Squares F-statistic:
Method:
                                                  356.3
                                             3.43e-68
            Tue, 16 Oct 2018 Prob (F-statistic):
Date:
                    19:52:51 Log-Likelihood:
Time:
                                                -10673.
                                               2.135e+04
No. Observations:
                       1000 AIC:
Df Residuals:
                       998 BIC:
                                                2.136e+04
Df Model:
                         1
Covariance Type: nonrobust
______
           coef std err t P>|t|
                                       [0.025
______
        -25.7632 1.365 -18.875 0.000 -28.442
        8.954e+04 878.764 101.895 0.000 8.78e+04 9.13e+04
______
                      9.118 Durbin-Watson:
Omnibus:
                                                   1.424
Prob(Omnibus):
                      0.010 Jarque-Bera (JB):
                                                  9.100
                      0.230 Prob(JB):
Skew:
                                                 0.0106
```

Out[19]: grad\_year gre\_qnt salary\_p4

2001.0 739.737072 67400.475185

#### Warnings:

Kurtosis:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.

1.71e+03

[2] The condition number is large, 1.71e+03. This might indicate that there are strong multicollinearity or other numerical problems.

3.077 Cond. No.

Here we report the estimated result:

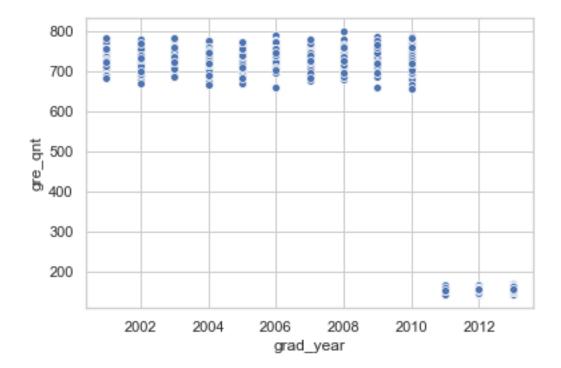
$$\beta_1 = -25.7632$$
 s.e. $(\beta_1) = 1.365$ 

```
constant = 89540 s.e.(constant) = 878.764
```

# (b) Create a scatterplot of GRE score and graduation year.

```
In [21]: # Code and output of scatterplot
    x=IncomeIntel['grad_year']
    y=IncomeIntel['gre_qnt']
    sns.scatterplot(x,y)
```

Out[21]: <matplotlib.axes.\_subplots.AxesSubplot at 0x1facdeba128>



The problem is the system drift because the GRE quantitative scoring scale changed in 2011. The GRE quantitative scoring scale is 800 before 2011 and 170 after 2011 (2011 included). A possible solution of this problem is to change the old GRE quantitative scores before 2011 into new scale (170).

2001.0 721.811673 67600.584142 153.384980

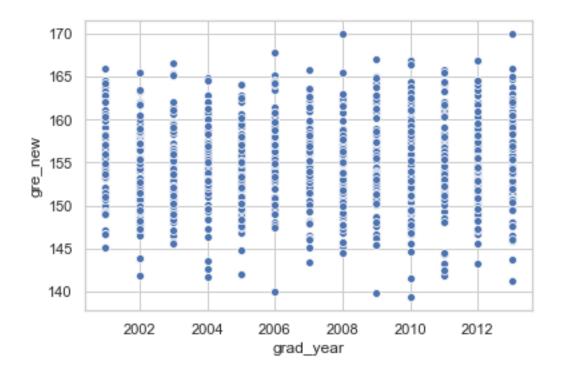
2001.0 736.277908 58704.880589 156.459055

1 2

```
      3
      2001.0
      770.498485
      64707.290345
      163.730928

      4
      2001.0
      735.002861
      51737.324165
      156.188108
```

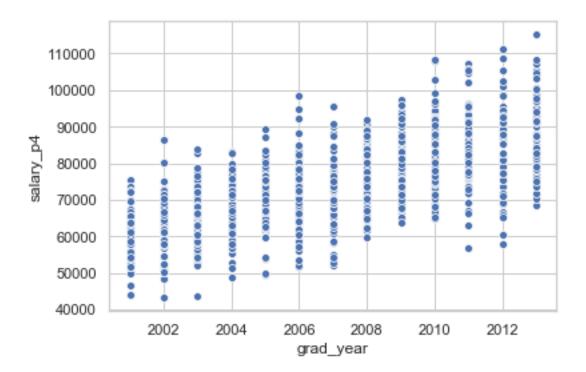
Out[23]: <matplotlib.axes.\_subplots.AxesSubplot at 0x1facf6597b8>



#### (c) Create a scatterplot of income and graduation year

```
In [24]: # Code and output of scatterplot
    y=IncomeIntel['salary_p4']
    x=IncomeIntel['grad_year']
    sns.scatterplot(x,y)
```

Out[24]: <matplotlib.axes.\_subplots.AxesSubplot at 0x1facf6595f8>



The problem is the stationarity of salary\_p4, it has a clear trend so we need to detrend salary\_p4 before we do further analysis. The solution here is to: 1. Treat the first year of the data (grad\_year=2001) equal to the base year. 2. Calculate the average growth rate in salary by calculate the mean salary each year and calculate the average growth rate in salaries across all 13 years.

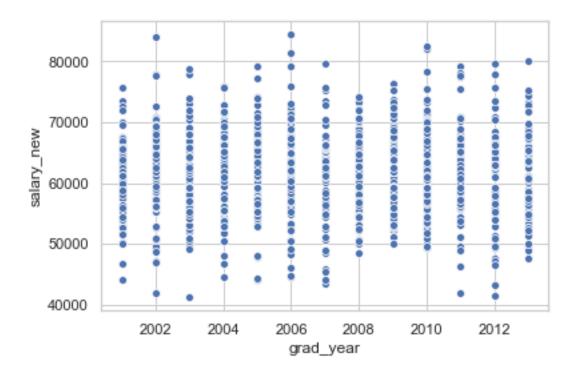
```
In [25]: # Code to calculate the mean salary each year
         avg_inc_by_year = IncomeIntel['salary_p4'].groupby(IncomeIntel['grad_year']).mean().ve
In [26]: # Code to calculate the average growth rate in salaries across all 13 years
         avg_growth_rate = ((avg_inc_by_year[1:] - avg_inc_by_year[:-1]) / avg_inc_by_year[:-1]
In [27]: IncomeIntel['salary_new']=IncomeIntel['salary_p4']/(1 + avg_growth_rate ) ** (IncomeIntel['salary_p4']/(1 + avg_growth_rate ) **
         IncomeIntel.tail()
Out [27]:
              grad_year
                                           salary_p4
                                                                     salary_new
                             gre_qnt
                                                          gre_new
                                     100430.166532 160.441025 69757.765226
         995
                 2013.0
                         160.441025
         996
                 2013.0 160.431891
                                       82198.200872 160.431891 57094.028581
         997
                 2013.0
                         154.254526
                                       84340.214218 154.254526
                                                                   58581.849117
         998
                 2013.0 162.036321
                                       87600.881985 162.036321
                                                                   60846.675557
         999
                 2013.0 156.946735
                                       82854.576903 156.946735 57549.940651
In [28]: IncomeIntel['salary_new'].describe()
Out[28]: count
                    1000.000000
```

61419.808910

mean

```
std
                   7135.610865
                  41164.726530
         min
         25%
                  56616.517414
         50%
                  61467.616002
         75%
                  66218.595876
                  84516.856633
         max
         Name: salary_new, dtype: float64
In [29]: y= IncomeIntel['salary_new']
         x= IncomeIntel['grad_year']
         sns.scatterplot(x,y)
```

Out[29]: <matplotlib.axes.\_subplots.AxesSubplot at 0x1facf6e8518>



# (d) Re-estimate coefficients with updated variables.

```
In [30]: # Code to re-estimate, output of new coefficients
    outcome =['salary_new']
    features = ['gre_new']
    X,y = IncomeIntel[features], IncomeIntel[outcome]
    X = sm.add_constant(X, prepend=False)
    m = sm.OLS(y, X)
    res = m.fit()
    print(res.summary())
```

#### OLS Regression Results

Dep. Variable:		sal	ary_new	R-sq	uared:		0.001	
Model:		OLS		Adj.	R-squared:	-0.000		
Method:		Least Squares		F-sta	F-statistic:			
Date:		Tue, 16 0	ct 2018	Prob	(F-statisti	lc):	0.437	
Time:		1	9:53:05	Log-	Likelihood:		-10291.	
No. Observa	ations:		1000	AIC:			2.059e+04	
Df Residual	ls:		998	BIC:			2.060e+04	
Df Model:			1					
Covariance	Type:	no	nrobust					
			======	======				
	coet	f std e	rr	t	P> t	[0.025	0.975]	
gre_new	-34.974	7         44.9	90 ·	 -0.777	0.437	-123.260	53.311	
const	6.683e+04	1 6968.6	84	9.591	0.000	5.32e+04	8.05e+04	
Omnibus:	=======		0.789	Durb:	======= in-Watson:		2.025	
Prob(Omnibu	us):		0.674	Jarqı	ue-Bera (JB)	):	0.698	
Skew:			0.060	-			0.705	
Kurtosis:			3.050	Cond	. No.		4.78e+03	
========			======	======				

#### Warnings:

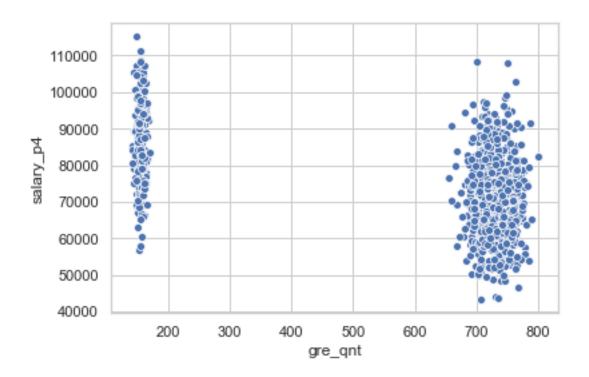
- [1] Standard Errors assume that the covariance matrix of the errors is correctly specified.
- [2] The condition number is large, 4.78e+03. This might indicate that there are strong multicollinearity or other numerical problems.

Here we report our new estimated result:

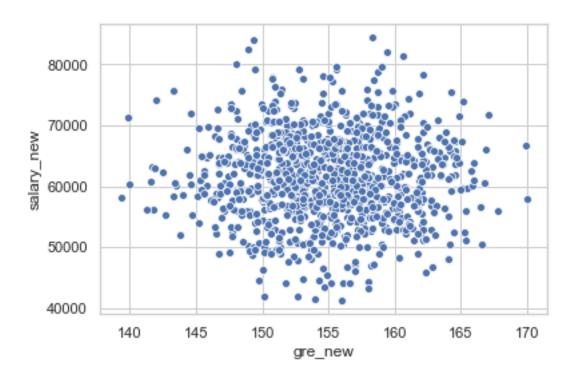
$$eta_1 = -34.9747 \quad s.e.(eta_1) = 44.990$$
  $constant = 66830 \quad s.e.(constant) = 6968.684$ 

Now we need to compare this result with the previous result:

Out[31]: <matplotlib.axes.\_subplots.AxesSubplot at 0x1facdbc6f60>



Out[32]: <matplotlib.axes.\_subplots.AxesSubplot at 0x1facf7d0208>



After we compare these two plots above,we can come to the following conclusions: Before we modify the drift problem of GRE quantitative scores and eliminate time trends, GRE quantitative scores before 2011 are mainly on the left side of the first plot and new GRE quantitative scores after 2011 (2011 included) are mainly on the right side of the second plot. And we can find the p-value (estimated coefficient of gre\_qnt) is small which indicates that we may reject the null hypothesis that intelligence is not related to higher income. After we modify the drift problem of GRE quantitative scores and eliminate time trends, the distribution is much better than before. By comparing the coefficients of two regression results, we find new beta1 is more negative than before but the p-value is large so it is not significant. As a result, according to the new regression result, we cannot reject the null hypothesis that intelligence is not related to higher income.

#### 1.0.4 3. Assessment of Kossinets and Watts.

See attached PDF.

#### **Assessment of Kossinets and Watts**

This paper mainly answers the research question that how homophily emerges over time as a function of the decisions of individuals to make and break ties in an evolving social network?

In order to answer this research question, the authors use a network dataset of a large U.S. university comprising 30396 undergraduate and graduate students, faculty and staff in which interactions are recorded in real time along with individual attributes and features of the relevant organizational structure during one academic year. This dataset, which comprises interaction, affiliation and attribute-type longitudinal data, was constructed by merging three different databases: (1) the logs of e-mail interactions within the university over one academic year, (2) a database of individual attributes (status, gender, age, department, number of years in the community, etc.), and (3) records of course registration, in which courses were recorded separately for each semester.

The available variables could be categorized into four groups: personal characteristics (age, gender, home, state, formal status, years in school); organizational affiliations (primary department, school, campus, dormitory, academic field); course-related variables (courses taken, courses taught); and email-related variables (days active, message sent, messages received, in-degree, our-degree, reciprocated degree). In terms of the number of observations, after the cleaning data process, the resulting data set comprised 7,156,162 messages exchanged by 30396 stable e-mail users during 270 days of observation. We could find precise definitions and descriptions of variables in app. A. And a note about missing data appears in app. B.

A potential problem that the data cleaning process might introduce is the incompleteness of data, the data in this article lack some attributes, lack race and socioeconomic status that might be more salient with respect to the choice of interaction partners than the available variables. Besides, this article adopts the method of modal value substitution for age, gender and state, which means if there were several modes, then the most recent modal value was used, assuming that the more recent value was more likely to be correct. This assumption can be problematic because in some cases, the most recent modal value is not necessarily correct. What's more, in order to ensure that the data represents interpersonal communication, the authors includes only messages that were sent to a single recipient. However, this method may exclude some social relationships in shared groups and activities and further influence the conclusion. Also, this paper ignores the situation that a number of individuals also used accounts provided by their departments, although they can be told that such addresses are part of the university community, they cannot be matched with employee records and therefore have been excluded from this analysis. Another minor problem that may diminishes the authors' ability to answer the research question is that the authors select the population who have exchanged emails as its target sample, in other words, they think that

individuals who have exchanged emails are more likely to form social relationships. But in practical, it is not rare to find automatic replies in university's email system. But this type of exchange emails doesn't mean it could form relationship between the sender and receiver. So, a more proper way is to analysis the contents of emails to exclude this situation.

From my perspective, one weakness of this match of data sources and theoretical construct is they need to estimate a suitable value for the parameter  $\tau$  which could define ties properly in the method of sliding window filter to analyze and visualize networks over time. Because the particular value of  $\tau$  is chosen will in general depend on the substantive question of interest. In considering of the question of interests this research concerns the tie-formation process itself so they must choose a proper  $\tau$  to distinguish between ties that are forming as we observe the network and ties that have existed before and simply resumed communicating. Therefore, the value of  $\tau$  that is chosen should not be too short or some ongoing relationships will be misclassified as ties that have been terminated and then reenacted. While  $\tau$  should not be set too long either, or the calculation of relationship strength will be dominated by the past interactions that are no longer relevant to the present state of the relationship. Besides, the longer value of  $\tau$  also has the effect of discarding more data. Considering the balance of these conflicting priorities, the authors have chosen  $\tau = 60$  as a reasonable compromised value that correctly classifies 90% of terminating ties while retaining as much data as possible.