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Research Thesis

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The Political Economy of Urban Standard of Living

This research thesis investigates if government policy affects the living standards of a community. The specific research question is - does an increase in public investment expenditure lead to positive living standards. Positive living standards are measured as a decrease in violent crime statistics, small businesses “birthed” per capita, and unemployment rates. These statistics are comprised by US state level data. I theorized that a higher level of public investment will result in more job opportunities, that will lead to lower crime rates, more economic investment from community members, in terms of small businesses birthed. To aggregate more comprehensive results, public investment was broken down into categories of highway spending, school spending and public investment as a whole. The research was conducted through the usage of a regression analysis of the relationship between the independent variable of public investment and the dependent variables of violent crime statistics, small businesses birthed, and unemployment statistics. The results of the research did not confirm my theory. Rather, there was little to no correlation between public investment and violent crime statistics and unemployment rates. The relationship between public investment and small businesses showed an inverse relationship, where public investment decreased the amount of small businesses that were birthed during the time frame.