

GV903: Advanced Research Methods

Lab 7: Functional Form, Structural Change, and Model Selection

In-lab Exercise

Imagine a morning a politician from Japan comes to you and offers you a job. He has data on campaign expenditures from all the candidates in the previous elections and he gives it to you. He wants to know how much money he needs to spend on his upcoming campaign for the next elections, in order to achieve at least 50% of the votes in his district in the city of Gifu. You decide to accept the job and now he expects you to tell him what to do.

He also tells you that there will be 4 other candidates running against him, and he's (among the ones) challenging the incumbent. He is 30 years old, he will be supported by DPJ and he has won one election in the past. The turnout in his district is expected to be about 70%, where there are about 325,000 eligible voters.

Your job is to tell him how much he needs to spend to get the voteshare he needs. But of course, he wants to pay as less as possible. So, you should tell him the minimum amount, but be careful, you want him to win! The outcome of your analysis will affect his position and probably your future career.