

Midterm
Graduate Labor Economics
11/14/01

You are to analyze how politicians make career decisions. You are given longitudinal data on a sample of United States politicians. For each politician, you observe the first time they win an election (probably for a local post like city council), every time they run for reelection or run for a new, higher office, how much they spend on the election, how much their opponent spends, characteristics of the voting population, and the results of the election.

- 1) Write down a model of how the politician decides how to proceed in his or her career (i.e., when to run for reelection, when to run for higher office, and when to leave politics).
- 2) Discuss in detail how to estimate the parameters of your model using the longitudinal data described above.
- 3) Discuss significant problems associated with your model or estimation methodology.
- 4) Describe how to use your model to predict the effect of term limits, campaign financing reforms, and the growing minority population.