

Problem Set 3

Applied Stats/Quant Methods 1

Due: November 19, 2022

Instructions

- Please show your work! You may lose points by simply writing in the answer. If the problem requires you to execute commands in R, please include the code you used to get your answers. Please also include the .R file that contains your code. If you are not sure if work needs to be shown for a particular problem, please ask.
- Your homework should be submitted electronically on GitHub.
- This problem set is due before 23:59 on Sunday November 19, 2023. No late assignments will be accepted.

In this problem set, you will run several regressions and create an add variable plot (see the lecture slides) in R using the `incumbents_subset.csv` dataset. Include all of your code.

Question 1

We are interested in knowing how the difference in campaign spending between incumbent and challenger affects the incumbent's vote share.

1. Run a regression where the outcome variable is `voteshare` and the explanatory variable is `difflog`.

Input :

```
1 # check if value is na
2 inc.sub$voteshare[is.na(inc.sub$voteshare)]
3 inc.sub$difflog[is.na(inc.sub$difflog)]
4
5 # Fit models
6 model1 <- lm(voteshare ~ difflog, data = inc.sub)
7 summary(model1)
```

Output:

```
> inc.sub$voteshare[is.na(inc.sub$voteshare)]
numeric(0)
> inc.sub$difflog[is.na(inc.sub$difflog)]
numeric(0)
```

Call:

```
lm(formula = voteshare ~ difflog, data = inc.sub)
```

Residuals:

Min	1Q	Median	3Q	Max
-0.26832	-0.05345	-0.00377	0.04780	0.32749

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	0.579031	0.002251	257.19	<2e-16 ***
difflog	0.041666	0.000968	43.04	<2e-16 ***

--Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.07867 on 3191 degrees of freedom

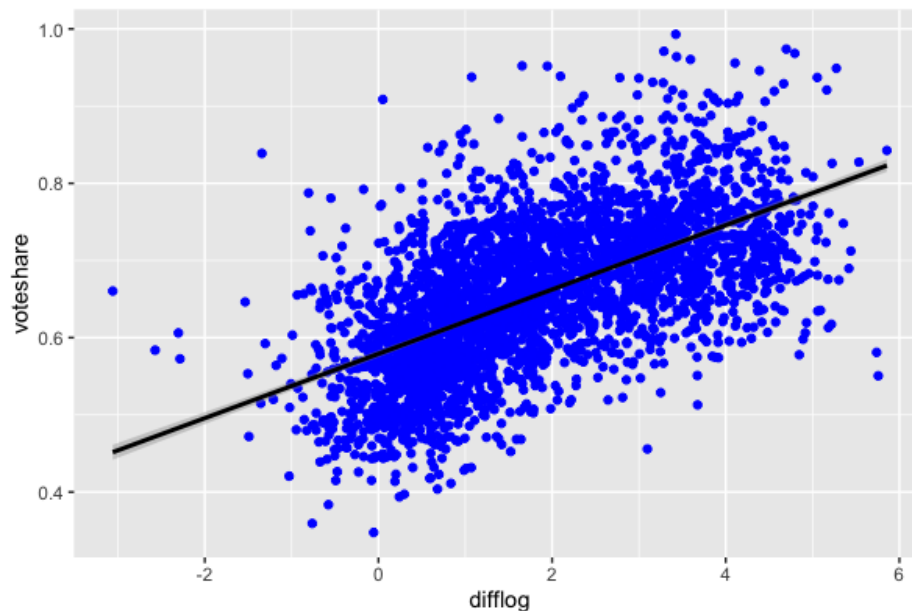
Multiple R-squared: 0.3673, Adjusted R-squared: 0.3671

F-statistic: 1853 on 1 and 3191 DF, p-value: < 2.2e-16

Table 1:

	<i>Dependent variable:</i>
	voteshare
difflog	0.042*** (0.001)
Constant	0.579*** (0.002)
Observations	3,193
R ²	0.367
Adjusted R ²	0.367
Residual Std. Error	0.079 (df = 3191)
F Statistic	1,852.791*** (df = 1; 3191)
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01	

2. Make a scatterplot of the two variables and add the regression line.



From the scatterplot for model1, we can see that there is a positive correlation between the two variables. The slope in the output of the previous question is positive, and the p value is less than 0.001, which verifies this as well.

3. Save the residuals of the model in a separate object.

Input coding: Input :

```
1 residual2 <- model2$residuals
2 residual2
```

4. Write the prediction equation.

$$\widehat{\text{voteshare}} = 0.579031 + 0.041666 \times \text{difflog} \quad (1)$$

The prediction equation of model1 means when the difflog changes by one unit, the predicted voteshare changes by 0.041666 units. The multiple R-squared of this model is 0.3673, indicating that the model can explain approximately 36.7% of the variance in voteshare. The explanatory variable of difflog in the model is significant (p-value < 0.05), indicating that difflog's prediction of voteshare is statistically significant.

Question 2

We are interested in knowing how the difference between incumbent and challenger's spending and the vote share of the presidential candidate of the incumbent's party are related.

- (a) Run a regression where the outcome variable is `presvote` and the explanatory variable is `difflog`.

Input :

```
1 inc.sub$presvote[is.na(inc.sub$presvote)]
2 model2 <- lm(presvote ~ difflog, data = inc.sub)
3 summary(model2)
```

Output:

```
> inc.sub$presvote[is.na(inc.sub$presvote)]
numeric(0)
```

Call:

```
lm(formula = presvote ~ difflog, data = inc.sub)
```

Residuals:

Min	1Q	Median	3Q	Max
-0.32196	-0.07407	-0.00102	0.07151	0.42743

Coefficients:

Estimate	Std. Error	t value	Pr(> t)	
(Intercept)	0.507583	0.003161	160.60	<2e-16***
difflog	0.023837	0.001359	17.54	<2e-16 ***

--Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.1104 on 3191 degrees of freedom

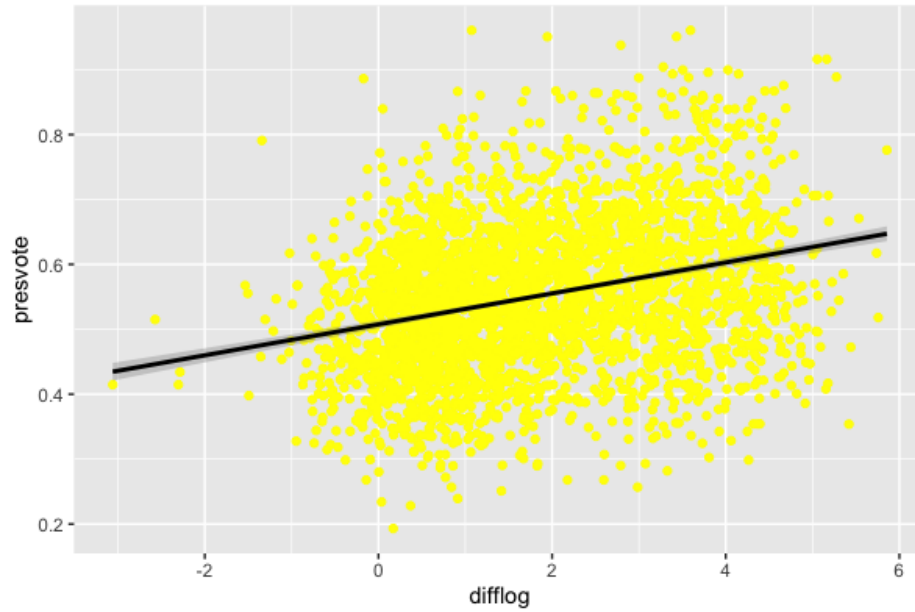
Multiple R-squared: 0.08795, Adjusted R-squared: 0.08767

F-statistic: 307.7 on 1 and 3191 DF, p-value: < 2.2e-16

Table 2:

<i>Dependent variable:</i>	
	presvote
difflog	0.024*** (0.001)
Constant	0.508*** (0.003)
Observations	3,193
R ²	0.088
Adjusted R ²	0.088
Residual Std. Error	0.110 (df = 3191)
F Statistic	307.715*** (df = 1; 3191)
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01	

(b) Make a scatterplot of the two variables and add the regression line.



From the scatterplot for model2, We can see that there is a positive correlation between the two variables. The slope in the output of the previous question is positive, and the p value is less than 0.001, which verifies this as well.

- (c) Save the residuals of the model in a separate object.

Input coding:

```
1 residual2 <- model2$residuals
2 residual2
```

- (d) Write the prediction equation.

$$\hat{\text{presvote}} = 0.507583 + 0.023837 \times \text{difflog} \quad (2)$$

The prediction equation of model2 means when the difflog changes by one unit, the predicted presvote changes by 0.023837 units. The multiple R-squared of this model is 0.08795, indicating that the model can explain approximately 8.8% of the variance in presvotes. However, according to the significance level of p-value, difflog in the model is significant (p-value < 0.05), indicating that difflog's prediction of presvote is statistically significant.

Question 3

We are interested in knowing how the vote share of the presidential candidate of the incumbent's party is associated with the incumbent's electoral success.

- (a) Run a regression where the outcome variable is `voteshare` and the explanatory variable is `presvote`.

Input :

```
1 model3 <- lm(voteshare ~ presvote, data = inc.sub)
2 summary(model3)
```

Output:

Call:

```
lm(formula = voteshare ~ presvote, data = inc.sub)
```

Residuals:

Min	1Q	Median	3Q	Max
-0.27330	-0.05888	0.00394	0.06148	0.41365

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	0.441330	0.007599	58.08	<2e-16 ***
presvote	0.388018	0.013493	28.76	<2e-16 ***

--Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.08815 on 3191 degrees of freedom

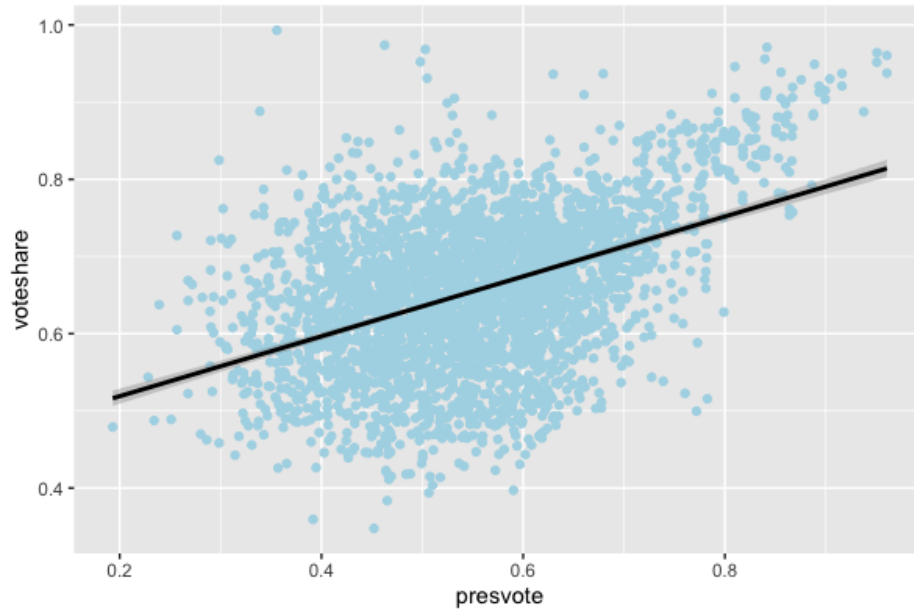
Multiple R-squared: 0.2058, Adjusted R-squared: 0.2056

F-statistic: 827 on 1 and 3191 DF, p-value: < 2.2e-16

Table 3:

<i>Dependent variable:</i>	
	voteshare
presvote	0.388*** (0.013)
Constant	0.441*** (0.008)
Observations	3,193
R ²	0.206
Adjusted R ²	0.206
Residual Std. Error	0.088 (df = 3191)
F Statistic	826.950*** (df = 1; 3191)
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01	

(b) Make a scatterplot of the two variables and add the regression line.



From the scatterplot for model3, We can see that there is a positive correlation between the two variables. The slope in the output of the previous question is positive, and the p value is less than 0.001, which verifies this as well.

(c) Write the prediction equation.

$$\widehat{\text{voteshare}} = 0.441330 + 0.388018 \times \text{presvote} \quad (3)$$

The prediction equation of model3 means when the presvote changes by one unit, the predicted voteshare changes by 0.388018 units. The multiple R-squared of this model is 0.2058, indicating that the model can explain approximately 20.6% of the variance in voteshare. The p-value of presvote in the model is significant (p-value < 0.05), indicating that presvote's prediction of voteshare is statistically significant.

Question 4

The residuals from part (a) tell us how much of the variation in **voteshare** is *not* explained by the difference in spending between incumbent and challenger. The residuals in part (b) tell us how much of the variation in **presvote** is *not* explained by the difference in spending between incumbent and challenger in the district.

1. Run a regression where the outcome variable is the residuals from Question 1 and the explanatory variable is the residuals from Question 2.

Input :

```
1 model4<- lm(residual1 ~ residual2)
2 summary(model4)
```

Output:

Call:

```
lm(formula = residual1 ~ residual2)
```

Residuals:

Min	1Q	Median	3Q	Max
-0.25928	-0.04737	-0.00121	0.04618	0.33126

Coefficients:

Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-1.942e-18	1.299e-03	0.00
residual2	2.569e-01	1.176e-02	21.84

--Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.07338 on 3191 degrees of freedom

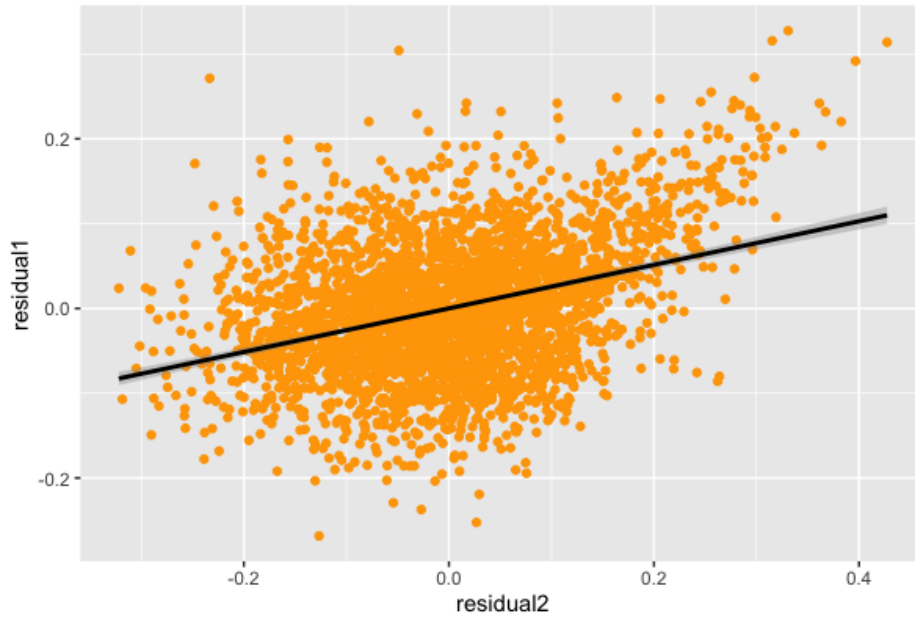
Multiple R-squared: 0.13, Adjusted R-squared: 0.1298

F-statistic: 477 on 1 and 3191 DF, p-value: < 2.2e-16

Table 4:

<i>Dependent variable:</i>	
	residual1
residual2	0.257*** (0.012)
Constant	-0.000 (0.001)
Observations	3,193
R ²	0.130
Adjusted R ²	0.130
Residual Std. Error	0.073 (df = 3191)
F Statistic	476.975*** (df = 1; 3191)
<i>Note:</i> *p<0.1; **p<0.05; ***p<0.01	

2. Make a scatterplot of the two residuals and add the regression line.



From the scatterplot for model4, We can see that there is a positive correlation between the two variables. The slope in the output of the previous question is positive, and the p value is less than 0.001, which verifies this as well.

3. Write the prediction equation.

$$\text{residual1} = 0.2569 \times \text{residual2} \quad (4)$$

The prediction equation of model4 means when the residual1 changes by one unit, the predicted voteshare changes by 0.2569 units. The multiple R-squared of this model is 0.130, indicating that the model can explain approximately 13.0% of the variance in residual1. The p-value of residual2 in the model is significant (p-value < 0.05), indicating that residual2's prediction of residual1 is statistically significant.

Question 5

What if the incumbent's vote share is affected by both the president's popularity and the difference in spending between incumbent and challenger?

1. Run a regression where the outcome variable is the incumbent's `voteshare` and the explanatory variables are `difflog` and `presvote`.

Input :

```
1 model5 <- lm(voteshare ~ difflog + presvote, data = inc.sub)
2 summary(model5)
```

Output:

Call:

```
lm(formula = voteshare ~ difflog + presvote, data = inc.sub)
```

Residuals:

Min	1Q	Median	3Q	Max
-0.25928	-0.04737	-0.00121	0.04618	0.33126

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	0.4486442	0.0063297	70.88	<2e-16 ***
difflog	0.0355431	0.0009455	37.59	<2e-16 ***
presvote	0.2568770	0.0117637	21.84	<2e-16 ***

--Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.07339 on 3190 degrees of freedom

Multiple R-squared: 0.4496, Adjusted R-squared: 0.4493

F-statistic: 1303 on 2 and 3190 DF, p-value: < 2.2e-16

Table 5:

<i>Dependent variable:</i>	
	voteshare
difflog	0.036*** (0.001)
presvote	0.257*** (0.012)
Constant	0.449*** (0.006)
Observations	3,193
R ²	0.450
Adjusted R ²	0.449
Residual Std. Error	0.073 (df = 3190)
F Statistic	1,302.947*** (df = 2; 3190)
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

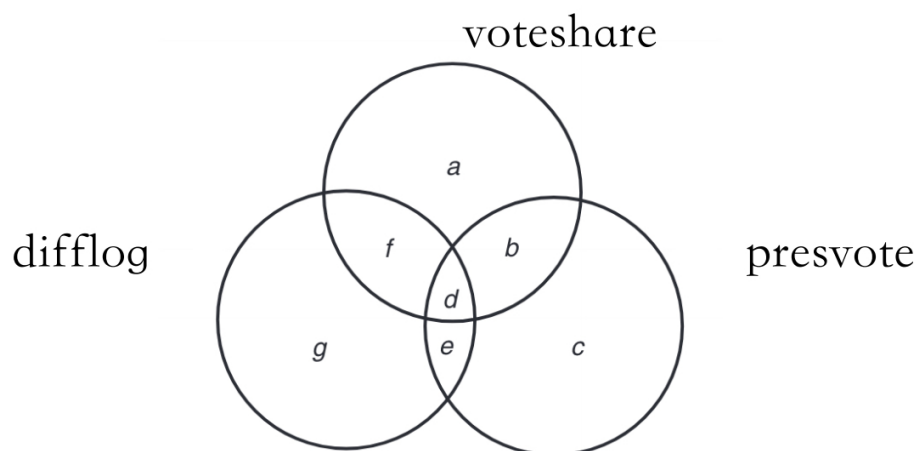
2. Write the prediction equation.

$$\widehat{\text{voteshare}} = 0.4486 + 0.0355 \times \text{difflog} + 0.2569 \times \text{presvote} \quad (5)$$

This regression equation provides a model for predicting vote share based on the values of the variables difflog and presvote. 0.4486 is the intercept term, indicating the expected vote share when both difflog and presvote are zero. 0.0355 is the coefficient for the variable difflog. For a one-unit increase in difflog, holding other variables constant, the predicted vote share is expected to increase by 0.0355. 0.2569 is the coefficient for the variable presvote. For a one-unit increase in presvote, under control of the remaining variables in the model, the predicted vote share is expected to increase by 0.2569.

3. What is it in this output that is identical to the output in Question 4? Why do you think this is the case?

The coefficient of presvote variable 0.2569 in the model5 is identical to the coefficient of the independent variable residual2 (0.2569) in the model 4. I will explain why the coefficients are the same with the help of the Venn diagram below.



In model1(difflog -> voteshare), this binary regression equation only takes the effect of difflog variable into account. While In this venn figure, the relationship between difflog and voteshare - the area d+f - is affected by the presence of presvote. Therefore, the residual of model1 (residual1 as the dependent variable of model4) can be regarded as the consequence of omitted variable. In other words, residual1 represents the portion of the variation in voteshare that difflog cannot explain.

presvote does contribute to explaining a portion of voteshare but be omitted in fact.

In model2(difflog -> presvote), follow the same logic, the d portion of the variation in presvote is shared by both difflog and voteshare, so the residual of the binary regression equation (denoted as residual2 in the model4) stands for the portion of the variation in presvote unaccounted by difflog.

Back to model 4 (residual2 -> residual1), model 4 shows how the changes in presovte that difflog cannot explain affect the changes in voteshare that difflog cannot explain. In other words, except for the part contributed by difflog, the relationship between the remaining variables in the d area. And that is how, in the multiple regression model5, the parameter for presvote ,which represents the effects of presvote on vote-share, controls for the effects of difflog. So the parameter 0.2569 in both equations is the same.