

POSSIBLE RESEARCH TOPICS ON ECONOMIC SLACK

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Available at <https://github.com/pmichailat/economic-slack>

COMPUTATIONAL TOPICS

- extend the simple dynamic model of slack to a quantitative model
 - introduce firms and separate labor and product markets (Michaillat, Saez 2015)
 - introduce inequality to match income and wealth inequality \rightsquigarrow different labor market experiences for different socio-economic groups (Cairo, Cajner 2018)
 - introduce banks, maybe with a matching structure (Bencivenga, Camera 2011)
 - keep the law of motions of employment and customer base (Gourio, Rudanko 2014)
- use the model for more sophisticated, dynamic policy analysis
- use the model for forecasting
- insert the short-run model into a long-run model to have comprehensive model of business cycles and growth (as Garga and Singh 2021 have done for the New Keynesian model)

EMPIRICAL TOPICS

- improve measurement of sufficient statistics for efficient unemployment rate u^* in the US
 - elasticity of Beveridge curve
 - social value of nonwork (Borgschulte, Martorell 2018)
 - recruiting and shopping costs (Villena Roldan 2010)
- extend measurement of sufficient statistics for efficient unemployment rate u^* to other countries, and apply formula to other countries (see Gaddnas, Keranen 2023 for Finland)
- measure economic slack in developing countries
 - measure unemployment and idleness
 - measure vacancies and recruiting
 - most developing countries do not have data on slack, although slack is ubiquitous
- improve/extend measurement of sufficient statistics for optimal policy
 - monetary multiplier du/di (Coibion 2012), government multiplier du/dg (Ramey 2016)

THEORETICAL TOPICS

- extend the model and policy analysis to an economy with large informal sector, such as India (see Ulyssea 2010, 2018 for Brazil; the model by Albrecht, Navarro, Vroman 2009; or the model by Haanwinckel, Soares 2021)
- understand the theoretical reasons behind the large outward shift of the Beveridge curve during the pandemic (see Adams 2023 for an empirical analysis)
- adapt the model with long-term relationship and matching to international trade and importer/exporter relationships