

Opportunity Alert

Author : James Annable

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This essay is a stocking-full of holiday gifts, especially to young economists in search of dissertation and early-publication topics. The fundamental reconfiguration of macroeconomics induced by the generalization of rational exchange is both coherent, thereby playing by the modern academy's crucial rule of engagement, and stabilization relevant, preserving the possibility of having something useful to say. The eBook featured on the GEM website, explicating the continuous-equilibrium two-venue macro model class, is tasked to introduce the critical workplace venue of economic exchange to macroeconomists. That preparatory role is necessarily limited, leaving a cornucopia of important, interesting work undone.

Some notable examples of the low-hanging fruit that remain for research by industrious readers, especially those burdened by future dissertations, follow:

- Extend the TVGE model to open economies, reworking longstanding mainstream trade theorems;
- Design and execute numerical simulation exercises for active- \mathbf{K}_j dynamics, including job downsizing, wage givebacks, and the nature of employment growth that accompanies robust capital accumulation (Chapter 3);
- Carefully explore the nature and role of increasing returns in generalized-exchange modeling (Chapters 3, 6);
- Enrich and test the briefly sketched TVGE model of stagnation dynamics (Chapter 5);
- Enrich and test the briefly sketched TVGE version of Bernanke's model of depression dynamics (Chapter 5);
- Formally model the rational trade-offs among the \mathbf{K}_j component reference standards (Chapter 2);
- Further document the validity and implications of the rational-arrangements labor pricing that established the relative importance of inflation catch-up versus expectations in large-establishment wage determination (Chapter 4);
- Formally integrate the TVGE and the Search/Matching/Bargaining models, delivering macro labor analysis from its protracted period of wandering in the wilderness of voluntary unemployment (Chapter 4);
- Carefully integrate TVGE modeling, with special attention to Lewis transfer and long-term global trends in living standards, into modern growth theory (Chapter 3);
- Carefully investigate the broad range of implications resulting from introducing residual rent (pure profit) into formal macro theory as well as the more general substitution of Jensen's factor-income distribution for Wicksell-Wicksteed's model (Chapter 3);
- Enrich Edgeworth, Nash, Pigou, and the remaining bargaining literature by close application of TVGE axiomatic preferences and technology constraints to the formal modeling of unions and collective bargaining with both passive and active government participation, beyond brief treatment presented in Chapter 7;
- Enrich and test the compact TVGE analysis of the nature and implications of the axiomatic substitution of the preference for fair treatment for the discredited assumption that employees inherently prefer to shirk on the job (Chapter 2);
- Elaborate on the modeling of extreme instability, with special attention to the critical role of \mathcal{C} (Chapter 6);
- Use the generalized-exchange framework to fundamentally rework consumption analysis (Chapter 6);
- Use the generalized-exchange framework to fundamentally rework investment analysis, with special attention to the hold-up problem, uncertainty, and the independent role of investor/lender credibility attached to stabilization authority's real-side objective (Chapter 6);
- Use the generalized-exchange framework to rework fiscal analysis, with special attention to Ricardian equivalence;
- Use the generalized-exchange framework to carefully recalibrate the role of rational expectations and the Lucas critique (Chapter 4);
- Use the generalized-exchange framework to carefully reconsider the Solow residual and its use in RBC modeling (Chapter 3);
- Use the generalized-exchange framework to carefully reconsider Piketty's analysis of the longer-term behavior of the capital share (Chapters 3, 6);
- Use the generalized-exchange framework to carefully reconsider the Robinson and Sraffa capital controversies (Chapter 3);

- Use the generalized-exchange framework to rework the analysis of monetary rules - i.e., rule specification and rules versus discretion (Chapter 10);
- Use the generalized-exchange framework to formally rework central-bank single objective monetary policymaking (Chapter 10);
- Use the generalized-exchange framework to enrich the analysis of central-bank credibility and, more particularly, to rethink the Fed's narrative in support of that credibility (Chapter 10);
- Use the generalized-exchange framework to enrich the analysis and tools of central-bank management of aggregate nominal demand (Chapter 10);
- Introduce the generalized-exchange analysis into business-school best practices literature.

The accumulating message of the GEM Project Blog provides useful advice. The 2007-09 Great Recession was a watershed event, indicating that the mainstream status of coherent market-centric DSGE modeling is playing out. It is not the future of career-building dissertations and research. That future will belong to analysts who are instead engaged in coherent *and* stabilization-relevant research. In that program, which must feature meaningful wage rigidity, there is a great deal to do. And the research will not only be innovative, it will be important to the proper design and execution of stabilization policymaking. That is an exciting prospect that has long been absent in macroeconomic mainstream.

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