
Research Opportunities in Economics: The Decade Ahead

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What Creates Research Opportunities?

- Existing Topics Take on New Importance – Fiscal Policy, Economics of Aging
- New Issues Emerge – Financial Market Interdependencies
- New Data or Methods Open New Research Opportunities - Data Collected by Search Engines and Social Networking Sites



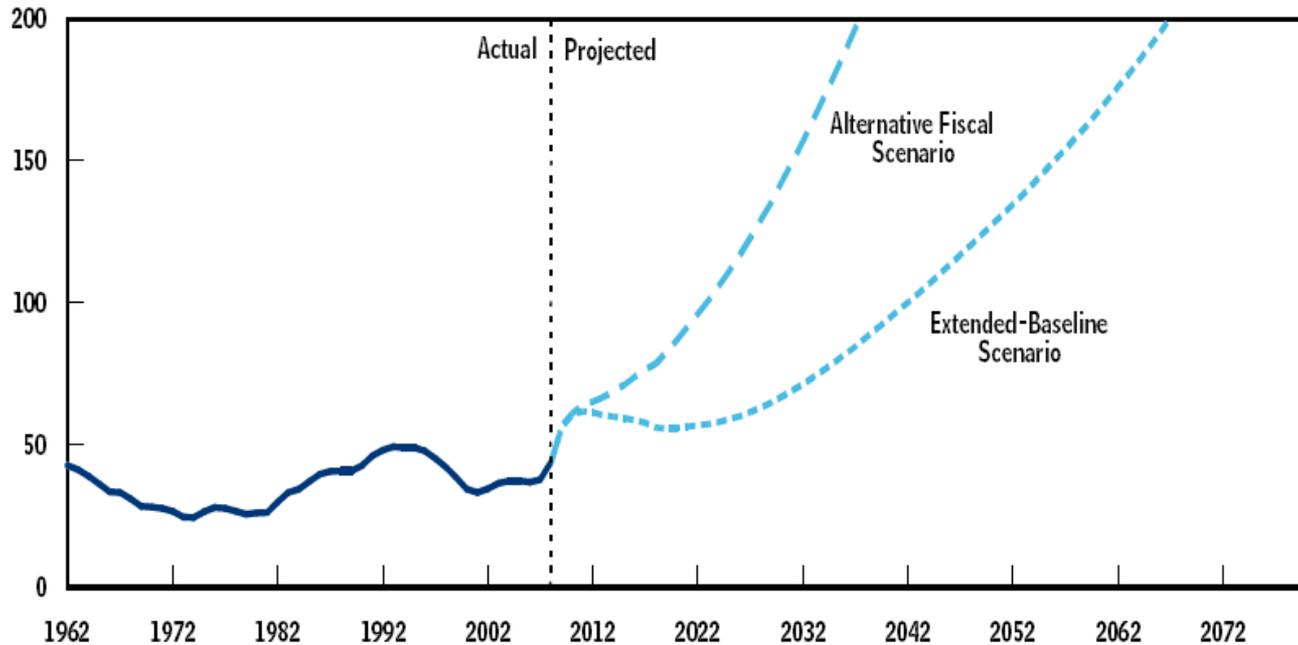
Fiscal Policy

- After Several Decades of Quiet, Recent Growth of Policy Interest
- What are the Effects of Budget Deficits?
- Do Fiscal Commissions and Balanced Budget Rules Affect Fiscal Outcomes? Why?
- What are the Efficiency and Distributional Effects of Alternative Ways of Raising Revenue?



Federal Debt Held by the Public Under CBO's Long-Term Budget Scenarios

(Percentage of gross domestic product)

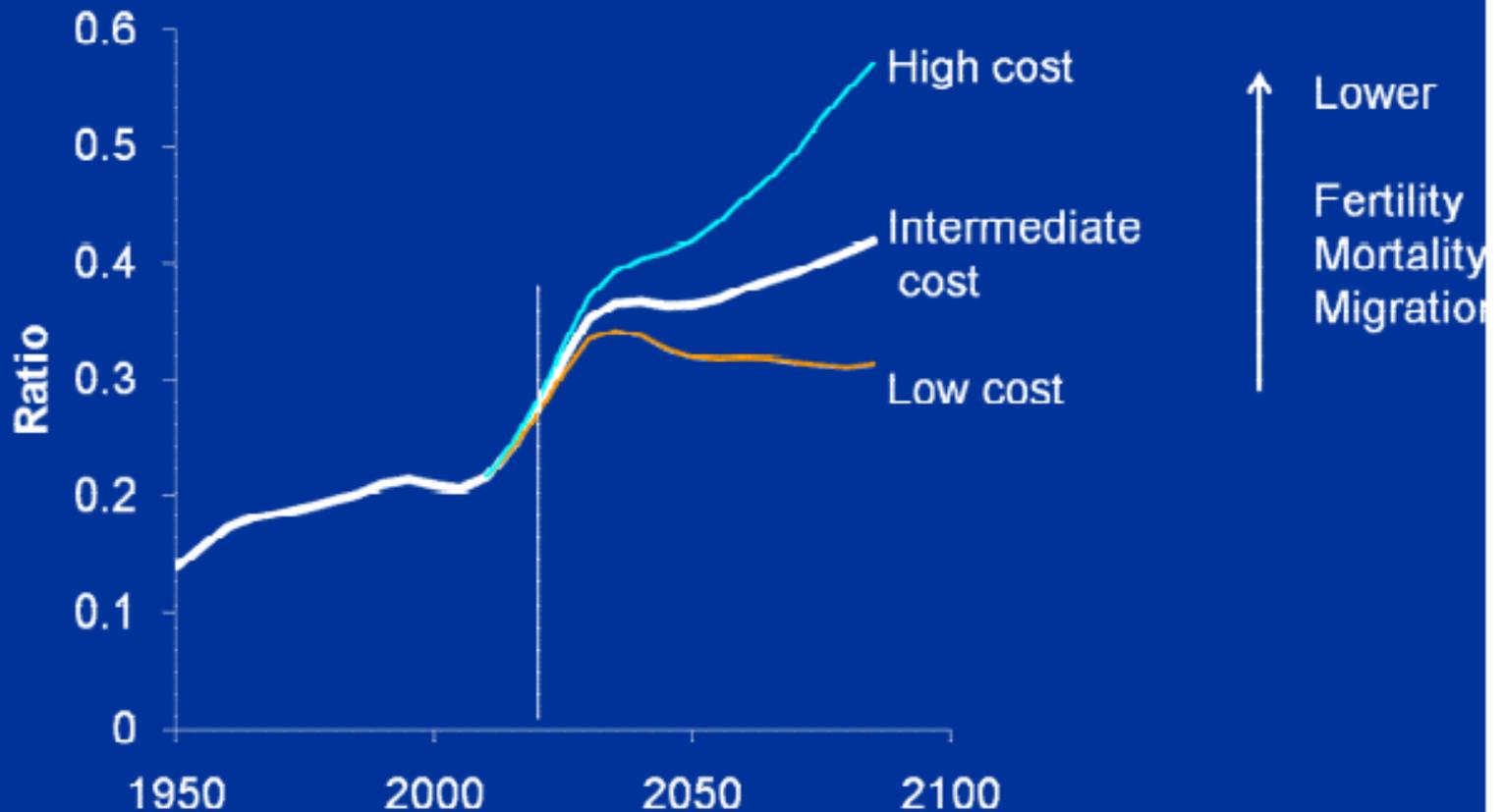




Economic Effects of Aging

- Demographic Trends Suggest Substantial Changes Between 2011 and 2040
- Many Potential Effects: Saving, Labor Supply, Productivity Change, Political Economy
- Economists can Assess General Equilibrium Effects: Example of How Changing Asset Demands Affect Rates of Return
- Important Effects on Fiscal Policy

Old-age dependency ratio Pop 65+/Pop 20-64



Source: SSA



Financial Market Interdependencies

- What Data do Regulators Need to Judge Systemic Importance? What Models Should They Use?
 - How do Linkages Across Institutions Work?
 - Network Equilibrium and Analysis of How Changing Value at One Institution Affects Others
 - Labor Economics Parallel: Search Theory
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Analysis of Emerging Data Sets on Networking and Social Links

- Data Quality is Critical but Eroding in Many Areas
- Google, Yahoo, Facebook Provide the Opportunity to Create Extraordinary Data Profiles for Individual Economic Activity
- How Can Such Data be Analyzed? Can we Create Secure and Identity-Protective “Data Enclaves” for the Research Community?
- Need to Support Infrastructure Creation