

Research adds to what we think we think we know about the world

- NOT a literature review

Very, very little research (even by professional economists) achieves major breakthroughs. Most research consists of

- making minor modifications to existing theories, or
- refining estimates of the values of economic parameters, or
- expanding the range of simulation evidence on the behavior of economic models.

In choosing between competing theories of how the world works, economists look to a variety of studies, and endorse theories most congruent with the range of evidence in these studies.

Small gains in knowledge have a large cumulative effect on what we understand about the world.

Three types of economic research:

- Theoretical
- Empirical
 - data collection:
 - existing data
 - collecting your own
 - survey data
 - experimental (laboratory) data
 - method
 - statistical / econometric
 - computer simulation/calibration
- Historical

An empirical research paper typically proceeds by:

1. Definition of the topic, review of work by others on the topic, description of the distinctive aspects of the research.
2. Specification the theoretical framework. This means: specify an explicit *model*. A model is a set of equations that determine the variable or variables whose behavior you wish to understand. A model focuses on important factors, ignoring many real world complications. Judgement is required to decide which factors are important and which are not.
3. Estimation of parameters, testing of hypotheses; or presentation of simulation or calibration results
4. Discussion of results.

