

EconLab Opportunity for 2024-25: RA for Luca Zanotti

Title: Research Assistant

Openings: One

Project Description:

The project aims to study monetary-fiscal interactions. Worldwide, public debt-to-GDP ratios are rising to level unseen in the past, and policymakers are struggling to cope with unsustainable fiscal trajectories. In this context, inflation may help to erode the value of outstanding public debt. We hypothesize that the central bank may under-react to inflation when the public debt-to-GDP ratio is rising. When studying the mechanisms, three competing explanations will be analyzed: 1) governments may exercise political pressure on central bankers to avoid the rise in interest rate following an inflation episode; 2) the central bank may coordinate with the fiscal authority when the latter has no policy space to reduce public debt; 3) the central bank may choose to under-react due to financial stability concerns triggered by rising debt levels.

Position Description:

The work will primarily involve data collection and data analysis of macro-financial datasets. We are currently trying to expand our cross-country database, both in terms of geographical coverage and time period. Occasionally, the student will be asked to help with literature review. Knowledge of STATA is required, and candidates proficient in MATLAB are preferred.

Application Requirements:

Interested applicants should email lucazanotti2028@u.northwestern.edu a copy of their transcript, resume and a paragraph describing their interest in this project and position. We expect to conclude hiring by the start of fall quarter.