**2022/2023 Summer Research Project Description**

Please use this template to create a description of each research project, eligibility requirements and expected deliverables. Project details can then be uploaded to each faculty, school, institute, and centre webpage prior to the launch of the program.

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| **Project title:** | The impact of monetary policy on inequality in Australia |
| **Project duration, hours of engagement & delivery mode** | Duration of the project, 6-10 weeks during Summer Vacation.The successful applicant is expected to spend 20-36hrs per week on this project. This work can be done either on campus or remotely.  |
| **Description:** | The Reserve Bank of Australia has recently engaged in a succession of interest rate increases which have taken the cash rate from 0.1 percent in April to 1.35 percent in July. These rate hikes are expected to curb inflation and prevent the Australian economy from entering a stagflationary episode as in the 1970’s. At the same time, a growing body of research has revealed that monetary policy may have unequal economic effects on household income and household earnings. Specifically, contractionary monetary policy has been found to have a larger negative effect on low-income households relative to those at the top of the distribution. The objective of this summer research projects is to determine whether this result also holds for the Australian economy.The suggested methodological approach is a Structural VAR model in which the monetary policy shock can be identified using sign restrictions. For more details, the applicant can consult the following research paper, will serve as a key reference paper for the project:Mumtaz, H., & Theophilopoulou, A. (2017). The impact of monetary policy on inequality in the UK. An empirical analysis. European Economic Review, 98, 410-423. |
| **Expected outcomes and deliverables:** | The successful candidate can expect to enhance their understanding of how monetary policy affects the economy. They will develop their general research abilities, including data collection and analysis, reading and interpreting academic literature, and applying econometric techniques. Additionally, they might publish their findings in an international academic journal.It is expected that the successful candidate produces a final paper that addresses the research question. They are also expected to be available for weekly meetings (either in person or online) to discuss their progress and present their work after the project's conclusion. Ideally, the project will also be submitted to an international academic journal. |
| **Suitable for:** | This project is suitable for applicants with a foundational knowledge of macroeconomics (e.g. ECON1020) and econometrics/statistics (e.g. ECON2300). Knowledge of time series econometrics/statistics (e.g. ECON3350 or ECON6380) and programming skills in one of the following languages MATLAB/Python/Julia/R/EViews will be beneficial but is not essential. Undergraduate students looking to apply for an honours or masters program in economics who are interested in applied macroeconomics/macroeconometrics are especially encouraged to apply. |
| **Commencement date** | Flexible, but ideally around mid-November. |
| **Number of students project could accommodate (each scholarship will be eligible for only 1 scholarship, if successful):** | Applicants can apply as individuals, or in pairs.  |
| **Primary Supervisor:** | Dr Jamie CrossLecturer in the School of Economics |
| **Further info:** | For more information, please feel free to make contact via email: jamie.cross@uq.edu.au |