

## Prudential Policy with Distorted Beliefs

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## Prudential Policy with Distorted Beliefs

Closed to further applications

**Faculty Member:** [Eduardo Davila](#)

This project is eligible for remote work.

## Proposal Description:

This project studies financial and monetary policy in economies in which borrowers and/or lenders may become excessively optimistic. We explore the different roles that belief distortions in the credit supply or demand side of the economy may have on the optimal regulation. The RA in this project will assist the researchers by reading and summarizing existing literature, verifying theoretical derivations, numerically solving equilibrium models, and empirically implementing econometric procedures in actual data.

## Requisite Skills and Qualifications:

The ideal candidate has a solid command of economic theory, macroeconomics, and finance (relevant courses in addition to intermediate micro and macro are Econ 251, 350, 351, 417). Knowledge of numerical methods, along with coding experience in Matlab/Python/Julia or similar is very valuable. Knowledge of some statistical software (R, in particular) may be useful too.

Please include in your application: a transcript with relevant coursework, and a short paragraph explaining why you are interested in doing RA work in macro/finance topics.

**Award:** Brian Zhu

**Tobin Application Link:** [Tobin Application](#)

**Project Type:** Tobin RA

**Project Year:** 2021

**Term:** Spring 2021

**Source URL:** <https://economics.yale.edu/undergraduate/tobin-ra/spring-2021/prudential-policy-distorted-beliefs>